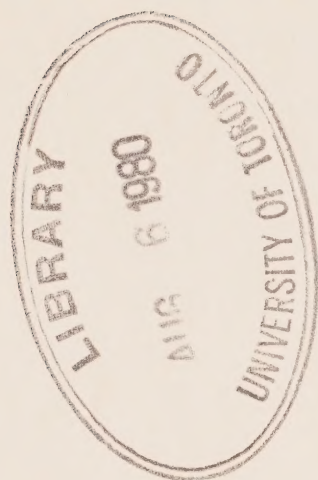


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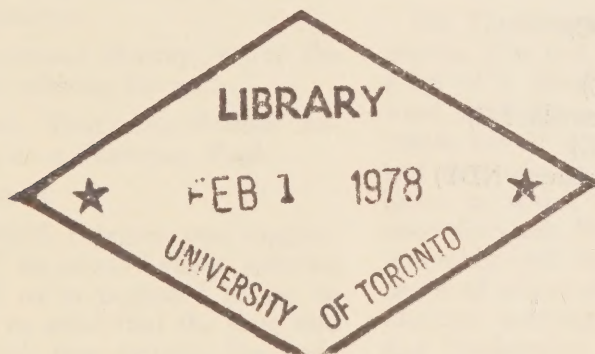
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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Treasury, Economics and
Intergovernmental Affairs



First Session, 31st Parliament

Tuesday, October 18, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

TUESDAY, OCTOBER 18, 1977

The committee met at 8:05 p.m.

ESTIMATES, MINISTRY OF TREASURY, ECONOMICS AND INTERGOVERNMENTAL AFFAIRS

Mr. Peterson: It is my understanding that we have 20 hours, and my own suggestion would be that in the interest of fairness we divide this up now in some reasonable way—which I think could be done. Maybe eight, eight and four—four to the government and eight to each of the two opposition parties. Would that be fair?

An hon. member: You're so generous.

Mr. Peterson: Oh, I think that's quite fair in the circumstances.

Mr. Acting Chairman: Are you gentlemen making a motion?

Mr. Peterson: No, I'm not making a motion, Mr. Chairman, I'm just trying to reach some kind of general agreement in the interest of fairness, because I know the propensity of some of my associates to—

Mr. Acting Chairman: Murray, you're the chairman. I'm just subbing for you.

An hon. member: That's the shortest session you ever had as a chairman, Paul.

Mr. Blundy: Sure is.

Mr. Cassidy: David Peterson was suggesting some informal agreement about splitting up the time, and we're prepared to go on with that, bearing in mind that the time said to be the opposition's time includes the reply from the minister, which will probably take up at least half of each of those eight-hour periods. It's not a matter of counting every word by the minister in government time. I am prepared to say that that should be a kind of guideline, and I hope that people try and respect that.

Mr. McCaffrey: Sir, is it clear that the minister's comments are not taking up this party's time?

Mr. Cassidy: No, when you speak of eight hours, that means that replies to Mr. Peterson, for example, would be taken as being part of overall time being taken by the Liberal Party.

Mr. Hodgson: Why do you have to change the procedure? Why don't you carry on the way you have in the past? It has worked very well.

Mr. Peterson: The past has not served us very well for the last 34 years.

Mr. Hodgson: I don't know what you are complaining about. I was in one committee that talked for a heck of a long time. It's not your time.

Mr. Cassidy: I think it's just that certain members have not been particularly co-operative and it has taken up very long periods of time. Time is short and must be respected; all members of the House need a fair crack at estimates. That's the reason for raising it now.

Mr. Nixon: Mr. Chairman, perhaps we could hear the comments from the Treasurer (Mr. McKeough) and from the spokesmen of the two opposition parties, and then we can talk about the division of the remaining time, if any.

Mr. Chairman: I think that's a good suggestion. I'm just wondering—you have me at a bit of a disadvantage—I don't know what went on before. You realize that this committee has 20 hours to discuss these estimates and we have in total on the committee 64 hours in which to discuss TEIGA, Government Services, Revenue, Management Board, Assembly and Auditor. It's proposed by the panel of chairmen that this committee sit on Monday evening, Tuesday evening and all day Wednesday. Now, if we did that two and a half hours on Monday evening, two and a half hours on Tuesday evening and from 10 to 12 on Wednesday and 1 to 4 on Wednesday afternoon, that would give us 10 hours a week. We would be six and a half weeks dealing with estimates alone on this committee. On top of that we have some bills that would be referred to the committee from time to time.

So, first of all, does that meet with the concurrence of the committee? Do we sit on those days and during those hours? Or what is the wish of the committee in that respect? It was an agreement reached by the House leaders but having said that, they did indicate that the committee has the responsibility in

the final analysis for running its own show, so to speak. So, if that is agreed on the part of the committee then we can go forward on that basis.

Mr. Cassidy: Is it agreed that if the minister is not available the committee will not sit? I don't want to see us put in the position of having to handle estimates without a minister present.

Mr. Chairman: I think that can be worked out.

Mr. Cassidy: I would assume that given the possibilities of scheduling, the ministers are making a point of ensuring that their schedules fit in with the committee rather than vice versa.

Mr. Chairman: That was my understanding. The ministers are aware of the scheduling, and my understanding was that ministers generally were going to make every attempt to be here when their estimates were being discussed. Do we have the matter of allocation of time sorted out? Presumably it will be divided equally among the opposition parties, as closely as we can determine.

Mr. Peterson: The government has four hours. I assume some government members want to be in, Mr. Chairman.

Mr. Chairman: Okay. Eight, eight and four. Is that it?

Mr. McCaffrey: It makes sense. I know what they're getting at. Perhaps after the end of 10 hours if we could just review and see how much time each of the parties has had and then we could talk about it again. At this stage, for us to say that that makes sense is putting us in a difficult spot. I'm not prepared to say that makes sense at this time. At the end of 10 hours we could monitor it, Mr. Chairman, and see how the time is.

Mr. Chairman: All right. Is that agreed, so we can move forward?

Mr. Peterson: The clerk is going to keep track?

Mr. Chairman: Yes. Does the minister have an opening statement?

Hon. Mr. McKeough: No, I don't. What we have prepared is a sort of layman's guide to these estimates which might be helpful to the committee as to where we might deal with what. Rather than go over the same ground in six votes, this is just a suggestion that might be followed once we move past the first vote.

If there are items omitted, it's not intentional. We get a little confused from time to time in Treasury between fiscal policy and economic policy. Basically what

we were doing was moving part of economic policy from vote 1103 into 1102 so as to consider them together. Any financial matters such as the Edmonton commitment, assistance to local government, will be out of vote 1105 and put under vote 1102, where they might best be considered; keeping vote 1105 for the organization of local government.

That's just a suggestion, if people want to look at that. It is a suggestion as to how we might profitably divide up the headaches.

Mr. Chairman: All right. Would the critic for the Liberal Party care to make his opening comments?

Mr. Peterson: On just one of the opening remarks. Certainly the way our particular caucus is divided with joint responsibility in this particular ministry between myself and the member for Waterloo North (Mr. Epp). I understand the NDP caucus is the same.

Do we have the agreement of this committee that we could make two opening statements? That I and the member for Waterloo North could both speak in an opening statement? We will keep our time short between us, because we are both addressing the issues pertaining to the ministry.

[8:15]

Mr. Chairman: Would that meet with the wishes of the committee?

Mr. Swart: Would it be possible for the member for Waterloo North to come on after you, with Mr. Cassidy in between?

Mr. Peterson: Sure.

Mr. Chairman: Is that agreed?

Mr. Cassidy: I think we're saying something different. Frankly, I'm not particularly worried either way. If there are going to be two relatively short statements and you want to do them seriatim, go ahead. I could come in and break it up but it doesn't much matter.

Mr. Peterson: Mr. Chairman, I'm very happy to lead off for the Liberal Party, for Her Majesty's loyal opposition. I must say that I'm somewhat taken aback by the fact that the Treasurer hasn't decided to have a statement. It seems to me at this time, and given the kinds of numbers that he's given us in the past five months, a great number of clarifications are in order. Since he has chosen not to do that, I think that it is going to be incumbent upon us to express our points of view and to extract this kind of information as we plough through the estimates.

It's not my intention to take a great deal of time this evening on an opening statement. I will share it, as I said, with my colleague from Waterloo North who will be talking

basically about the municipal finance area of the TEIGA estimates.

I am very concerned about the state of the finances of this province. The Treasurer and the whole ministry have had the reputation for being infallible, for being competent in a management sense at least, and we've seen in the last five months as bad budgeting, in my judgement, as is possible in the circumstances. It's interesting when you look back at the budgeting of this province that you see the greatest distortions always at election time—1975, a year for which we will pay a price long into the future, and now 1977. I think what has resulted, in my judgement at least and that of other thoughtful observers of the scene, has substantially tarnished the reputation of the Treasurer and of the ministry. I certainly understand his tested and tried method of trying to shift the responsibility onto the federal government. But when you look very carefully at the revised estimates for the 1977-1978 budget you see that by no means all of the responsibility rests with the federal government, if indeed they deserve a lot of criticism that the Treasurer has levelled towards them.

I am somewhat taken aback that when you look at personal income tax in this province, which provides in the order of \$3 billion worth of revenue—it's substantially cut back this year, but in that order—as a percentage of total taxation revenue something like, depending on what figures you use, 35 or 40 per cent of the total tax revenue for this province—that the ministry has absolutely no independent corroboration, no independent assessment, or that indeed the federal government's numbers are correct. I was frankly surprised when I asked the Treasurer in the House today if he had any independent assessment, any independent forecasting of personal income tax for the provincial share thereof, and he said, "no."

If he hasn't, in my judgement, that's abjectly irresponsible. He should have. As the principal source of his revenue, he should have had some independent corroboration from his own ministry. Good Lord, we will go through the specifics, we will go through a secretariat, later we will determine how much money is being spent on the kind of expert advice that he has been hiring, and if they aren't producing those kinds of numbers then in my judgement he is seriously remiss.

From what I've heard, and I can't prove what I'm saying, some kinds of assessments are made. The Treasurer in 1977 was obliged to take the rosiest forecast he could get, knowing 1977 was an election year. But even

the serious discrepancy in the personal income tax forecast doesn't make up for other provincial government ministries' distortions and mistakes and errors in the rest of the sources of revenue.

Here we have corporation income tax off \$57 million; capital and premium tax off \$3 million; mining tax profits—a very serious concern, I should think, to everyone in this room and in this House and in this province—off \$70 million, speaking to the very critical and sick nature of that resource sector in this province; retail sales tax off \$66 million; motor vehicle fuel tax off \$14 million; tobacco tax off \$10 million; other taxation off \$24 million. In total, his revenues have been off some \$245 million; that's excluding the personal income tax projections which again they blame on the federal government.

I don't claim a long experience in government or in how this particular ministry operates but I can't imagine, frankly, a sloppier, shoddier performance. I am led to the conclusion, certainly on the basis of my past experience with this ministry, that they aren't that bad. It was probably distorted in the context of the budget of this particular year which painted the rosiest picture possible under the circumstances, knowing we were going into an election.

We very much supported the Treasurer's original thought of balancing the budget in 1981. We will support that because we think any other approach is irresponsible. In fact, when you look back for the past seven years, the years of the Davis-McKeough-White regime, you see that the great majority of the distortions in our budgeting and our massive deficits and our postponing to the future in favour of current consumption, that is all a recent phenomenon. That was not a phenomenon of the MacNaughtons and the Robarts and the people who came before.

Whoever is the government in 1980 and post 1980—1981, 1982, 1985—is going to pay a very serious price for the kind of excesses that we have experienced in the past seven or eight years. I think probably the Treasurer understands that. I hope he does, because he certainly talks that way. He talks as if we are in a critical situation today. The problem is, in my judgement, that he doesn't do anything about it. If you analyse the discrepancies between what he says and what he does it's fairly shocking to me, to say the least.

I put that aside but I want to express the concerns of the Liberal Party, not only in terms of this last budget and the revisions thereto, but in the past seven or eight years. One of the problems that very much interested and concerned me is the whole method

of financing of these deficits in the last few years and to that end we've looked at it very seriously and done a considerable amount of work on it. What history tells us is that almost every available dollar from internally generated pension funds or those funds available through CPP have been consumed on current consumption. Even though, as I said earlier, we respect the Treasurer's desire to balance the budget in 1981, it is probably external forces that forced him to do that. I don't think that that is so much the government's idea as it is the idea of the marketplace, as it is the fact that the government has run to the limits of borrowing through these funds.

Many studies have been done on what could have been done had those pension funds, those billions of dollars, been available to the private marketplace. I won't go into those in detail, except to say that the weight of opinion from most economists consulted on this issue, seems to be that had that money gone into private enterprise, into the capital infrastructure in this country, into developing plant and capital—those problems that are creating substantially the lack of productivity and the inability to compete in this country and in this province—there's a very distinct possibility that we would not be facing the same kind of economic problems that we are facing today.

There would have been probably lower unemployment, probably more real disposable income, probably less inflation and all of the ills that pervade our economy today would probably have been substantially lessened had government not been so greedy.

The Treasurer talks this way. The Treasurer makes noises about this kind of thing. In fairness I should say that this is not the only government in this country that's been at fault or fallen victim to these problems, at roughly the same point in time. But there's no question that this access to easy money, starting in the 1970s, has substantially contributed to the Treasurer's problems, to the province's problems today.

As I said earlier, we've looked at the availability of these funds and we have found that to a large measure the size of the deficit since 1971—the last year of the Robarts regime, which was the last surplus we have run in this province, some \$150 million—that access to this easy money has contributed substantially to this great overspending. The Treasurer now has made noises, I don't know if it is part of his economic policy, about doubling the contribution rate, or increasing the contribution rate at least, for the Canada Pension Plan. My very serious concern is that

this money will again be expended just for current consumption, that it will not be ploughed back, that there will be no real net gain for anyone, except that it will be another source of money for the government to consume.

Lots of people argue that in order to bring these pension plans back into line and to more fully fund these programs, we are going to have to increase the contribution rate. We would have to, in those circumstances, very necessarily guarantee that that money is not going to be consumed by governments. Because again—and the Treasurer said this in many of his budget statements—the principal cause of inflation has been this government spending. At the same time he always goes on to record deficits.

Speaking of pension plans, I just want to say a couple of things. I have given some thought and attention to this whole matter lately. I have talked to many people who are expert in this area. There are people I know of very high repute who say that the whole area of pension plans—not only public service pension plans, but also private plans—may be as significant and as important an issue in the economic future of this country as the whole energy question. So many of these plans have been ill-conceived; they were conceived in the days when inflation was running at two and three per cent, when the prospects of unlimited economic growth were there for all of us, not contemplating the double digit inflation that was a phenomenon of the 1970s, partly caused by this great spending. We are finding, as the postwar baby boom moves forward to the year 2000 or 2025, a very much higher proportion of the population, probably double those now in retirement age, extracting from the system rather than contributing to the productivity of the system.

All of those factors are conspiring to bankrupt not only those plans but possibly governments, if serious action is not taken in the very near future. It is my judgement that those things can be turned around; there are specific things that can be done. And the very first thing that has to be done is absolute and total discipline in government spending.

It is my understanding that at this point in time we have unfunded liabilities in this province of probably some \$2 billion. That is not a hard figure because no one knows for sure. There is a periodic reassessment of the various pension funds—I understand the last one, I shouldn't say as I am not sure, was for 1973 or 1975. There is supposed to be a periodic review every three years. One of the reasons for some of the budget distortions this year is because of pressure from the teachers' super-

annuation fund to contribute more to the fund, to make up for their current liabilities. But in any event, given the kind of inflation that we have, and given the kind of demographics that we have, this problem is getting increasingly more serious on an annual basis.

I don't know all of the answers to the problem, but I think, as I said earlier, that probably the principal answer is tailoring our expenditures to our revenues. It's that simple.

We will be getting into this issue of pension plans more and the unfunded liabilities and what the Treasurer's plans are to correct these kinds of problems. But as I said earlier, that probably is one of the most serious economic problems facing this province at this time.

[8:30]

I sat with great interest and listened today to the debate on Hydro and to the Minister of Energy (Mr. Taylor) revealing this new information about the great discrepancies between the original tendering price and what transpired in the building of the Bruce generating station.

We are involved there, for example, in hundreds of millions of dollars of government waste. When I look at the Treasurer, the former Minister of Energy, the first Minister of Energy in the province, the chief financial officer of this province, I say to him, as respectfully as I can, that he is totally irresponsible for not getting involved in that issue from a budgetary point of view, in the allocation of money.

Good Lord! You appoint the board of directors, you arrange all their financing; yet junior ministries under your aegis have allowed this incredible amount of waste and mismanagement to occur.

Mismanagement in government is always going to be a political issue. You're going to hear about it from us, you're going to hear about it from everyone else, and it's going to be here forever. But there are blatant examples of your being so tight with some essential services. You're clamping down ferociously on social services and hospitals and in various other areas, yet you blatantly turn around and with the other hand waste hundreds of millions of dollars. I tell you, as respectfully as I can, you are losing your credibility. As chief financial officer of this province you are clearly and undeniably responsible, in my judgement.

That's something you can't pass the buck on. You can't pass that on to the federal government. You can't pass it on to municipal government. You can't force them to pick up the slack. What you're doing is passing that on to the consumer, to every person in this

province who is going to pay more for hydro electricity. We are going to make sure that every single person in this province knows of the kind of inefficiency and waste in that particular project, but not only that one—a lot of other ones.

Even though it's not directly under your aegis, or directly under your bureaucracy, it is—in my judgement—part of your responsibility, and you have a very serious obligation.

Given the very sad state of the economy today—and I don't want to go into that in great detail because the facts are in the paper every day for everyone to read, the unemployment, the slowdown in housing starts, the inflation and whatever—I'm not very impressed with the government's approach to the problem, to these junkets that they have around the world. Frankly, I think it's pathetic that the Premier runs over to Japan and to Hong Kong and, with cap in hand, asks them to bail us out with capital they've earned honestly and with the sweat of their brows.

I think he learned a pretty good lesson. It's unfortunate he had to go that far to learn it. I had hoped that you were telling him the same kind of thing because it is blatantly obvious to any sensitive observer of the scene here in Ontario. Ontario with its historically strong manufacturing base has the most to lose from these current Canadian economic problems that we have. We're watching jobs being exported on a daily basis. We're seeing the whole erosion of our system, and Ontario is falling behind in almost every economic indicator that economists put together today.

We're losing out to the various other provinces, and Canada as a whole is losing out. It's going to take a fundamental reassessment. Had we not wasted all this money through government consumption in the last eight or nine years, we would have been in a much better position to compete.

Let me tell you a little story about Japan, about a company that I happen to know very well because I've dealt with them. I've been in the Orient 10 times and I happen to know a little bit about how these people operate.

This particular factory was hiring 3,300 people and was producing 75,000 television sets per month. Recently, it laid off a great number of people. It is now working with 1,500 people and producing 100,000 television sets a month. These are real figures; those are real numbers.

That wasn't done just because the people worked harder. Perhaps that's part of it and, obviously, they have a different social struc-

ture. But it was done through tremendous investment in plant, in capital, in productivity—in the most modern, up-to-date factories in the world. We have allowed our entire industrial superstructure to run down. We are far behind. There are hundreds of millions of dollars required in this country to bring us back to be competitive.

Productivity is a very complicated issue; it's not just how hard we work and it's not just technology and it's not just money; it's a very complicated interrelation of all of those things. But we have failed on almost every count. There is no area today that we are ahead of, partly because of a shortage of capital, partly because of the attitudes of governments in this country, partly because we haven't had the technology and the guts, and partly, in the past because we have gone, cap in hand, to foreign countries to say, "Please bring us your capital. Please put up a plant here." And, then, what happens when things get tough? They pull out, and we don't have the resources; we don't have the technology and we don't have the R and D in this country. That is part of the problem.

Frankly, I think you have been responsible for letting this whole industrial infrastructure run down. Governments are very reluctant, at all levels, to say, "We want to get involved in industrial strategy. Gee, that's unnatural. Gee, we don't want to contribute to the misplacement of capital in a country. We don't want to affect the market system." In my judgement, the time has come when you're going to have to look very seriously at that.

You're going to have to make a very serious assessment of our strengths and our weaknesses in this province. You're going to have to decide what sectors are competitive on an international scale. You're going to have to allocate resources, technology, government assistance, energy policy, transportation policy and all the other arrows that you have in the quiver of possibilities, to assist and maintain some kind of a manufacturing base in this province.

I think you are going to have to involve yourself more in this area. I don't think you should be embarrassed as a "free enterpriser", because we in the Liberal Party are probably more the free enterprisers than you are. Give a government hand to industry, give government assistance to small businesses. We have advocated that and have introduced to that end a private member's bill just this week, and will be debating that on Thursday.

As free enterprisers we are not embarrassed to get involved in that kind of assistance to the private sector. Our entire strategy for job creation is not the typical job creation

strategy. We're not advocating hiring them all on the public payroll. We are advocating assistance to private enterprise through a job tax credit.

Give the marketplace assistance at this particularly tough time. We still think that is the answer. We think that the money is available. We think it could be made available—because so much is wasted in other programs—through welfare and other programs, through assistance from the federal government. We think there are ways that those things can be done and we think you should be doing it.

Your solution has been to tough it out; and, frankly the reason you've had to tough it out is that you've spent yourself into a corner; you have virtually no options, whatsoever. That, probably is the ultimate tragedy.

In 1975 your government—in far less serious economic circumstances than we have in 1977—opted for massive stimulation. If your philosophy is consistent, you went through massive contortions and intellectual dishonesty when you opted for first-time homeowners' grant, two per cent off your sales tax and the removal of sales tax on automobiles. At that time—again, in the context of an election—you opted for massive stimulation. You don't have that available to you in 1977, which, in a real sense—if you were a traditional Keynesian—you would probably say, given the same premises, was when we needed more stimulation. But you couldn't do it because you have committed so many mistakes in the past that you have destroyed all your options and that, probably, is the tragedy. Whoever forms a government after you—and it's going to be someone else I'm pretty sure—is going to be left with one terrible bag of problems, and unless you address your mind to some of these things very quickly you probably have a very limited life to your government. Excuse me for being a little partisan but the government that is running this province in 1981, '82, '83, '84, '85 is going to spend a high percentage of their time cleaning up the mess, adjusting expectations, adjusting consumption, convincing people that we can no longer afford this ridiculous waste and consumption that's gone on under the Tory regime in the 1970s. I say that as seriously and as earnestly as I possible can.

I won't carry on any more, Mr. Chairman. I'm going to turn it over to my colleague to address some of the municipal finance aspects of this.

Mr. Epp: Mr. Chairman, I fully endorse the comments that my colleague has made with respect to the economy. I want to ad-

dress my particular comments primarily to the Edmonton commitment.

As a former member of a municipal council, I know how badly the municipalities across the province feel about the commitment made but the promise not carried out. In October 1973, John White, the Treasurer of the province at that time said, "The Ontario government, therefore, gives this guarantee to its local governments. Provincial assistance in future years will grow at a rate not less than the growth rate of Ontario's total revenues." From this statement, it would seem that to pass on to the municipalities any amount below the provincial growth rate of revenue is contrary to the government's commitment. However, the amount of funds that should have been transferred to municipalities was reduced in 1974 by \$99 million and in 1976 by \$22 million.

The provincial government claimed that, due to an overpayment in 1975, it did not need to give the municipalities the full growth rate in revenues of 14 per cent in 1976. By granting an eight per cent increase in 1976 it felt that because of the previous overpayment it was, on a cumulative basis, adhering to the Edmonton commitment.

The confusion surrounding the Edmonton commitment has resulted from the interpretation of the guarantee that I have quoted, particularly the words "not less than" with regard to the amount of the revenue transfer. Those words appear in the original version of the position paper on public finance presented at the conference. They were entirely deleted in the summary of the same document, appearing again in the statement in the Legislature and were once more deleted in their entirety in the budget of 1974.

In a statement in the House in December 1975, the Treasurer set out the provincial position, which was moneys due under the Edmonton commitment, representing the maximum amount of moneys which may be transferred to local government. Further, that the commitment should be interpreted to mean moneys due on a cumulative basis. The municipalities, on the other hand, felt that commitment represented a minimum level and, therefore, rejected the argument that transfers be calculated on a cumulative basis.

Despite the pious words echoed by the government at that time, the ultimate beneficiaries of the Edmonton commitment were not interpreted in the interests of the municipalities.

In the position paper that John White made available at that time—following the Edmonton commitment—he said that Ontario's own fiscal capacity is increasing about

10 per cent a year, in keeping with the growth of the economy. This growth rate enables Ontario to finance its own programs but does not provide the capacity to cover increasing municipal deficits.

In the period 1970-73, assistance to local governments grew to 50 per cent while Ontario's total revenues increased only 35 per cent. The net result has been that the province has increased the size of its own deficit to cover the local financial deficiency and prevent mill rate increases.

Prior to the Edmonton commitment, transfers to local governments were increasing at a higher rate than the increase in Ontario's total revenues. Limiting the future growth rate—the rate of growth of the total provincial revenue—had the effect of increasing the rate of transfers to local governments.

[8:45]

By way of example, in April of this year, by its own calculations, the government owed the municipalities \$108 million in transfer payments. However, their disastrous revenue performance—currently \$467 million below their budget plan—has reduced this transfer deficit to a current balance of \$18 million under the so-called unrevised commitment.

Provincial revenues have never approximated the Treasurer's predictions. That's about the only certainty municipalities have in anticipating their transfers under the Edmonton commitment. Because of poor revenue estimates, transfers will be lower than expected. However, this year the Treasurer added a new touch—another unilateral renegotiation of the commitment, if we can still call it that. In calculating the amount owed to municipalities, the Treasurer not only has included the funds for various assistance programs to local government; he has also back-calculated these additional payments to apply as from the 1973-74 base year. They now owe him \$298 million. The Treasurer is indeed forcing municipalities to be his whipping boys.

The province continues to deal unfairly with municipalities. The province should undertake a multi-year commitment of funds to municipalities. This would allow them some certainty in planning and in setting their own priorities, rather than forcing them in an ad hoc fashion to follow provincial decisions. If, as he stated at the AMO conference in August, he remains an advocate of local responsibility, he must begin to consult with them well in advance of finalizing these kinds of far-reaching decisions on financial transfers.

Mr. Treasurer, I don't think it's reducing the funds to municipalities that concerns us as much as the blatant disregard for a com-

mitment that the province made to municipalities and now proudly takes pleasure in reneging on that commitment.

Mr. Chairman: The member for Ottawa Centre.

Mr. Cassidy: It's a pleasure to see you in the chair, Murray, after our time together.

The news that the Treasurer brought to the House yesterday, that Ontario's predicted deficit in 1977-78 had climbed to nearly \$1.5 billion, wasn't the bombshell that the press tried to make it to be. The apparent change in the fiscal prospects for Ontario was a perfectly predictable result of both the mismanagement and the misrepresentation which have become his hallmark as Treasurer.

Last spring I said publicly—the press release is here—that the real budget had been held back on the presumption that the Tories would be back in power when the election was over. We have seen too many rose-coloured forecasts from Tories when they were on the election trail, and our scepticism at that time was well founded.

The Treasurer's forecast of 4.7 per cent real growth in 1977 has proven to be wildly optimistic. His forecast last January that he expected to see about 135,000 new jobs created in 1977 is foundering on reality. By September there had been only 75,000 jobs created in the previous 12 months and 60,000 people had been added to the unemployment rolls. In fact, unemployment was rising more rapidly in Ontario than in any other major province. Last winter, the Treasurer forecast a six per cent rate of unemployment, but by September, the rate was at 7.3 per cent and all the signs indicated that it was destined to get worse.

On the revenue side, the Treasurer added \$500 million to his anticipated revenues when he drew up forecasts in the spring because we were facing an election. Now that money has been taken away, just as we predicted. But the softness in revenue up to last April should have convinced the Treasurer and his advisers that the optimism he expressed was unwarranted.

The statement to the Legislature this week tried to blame Ottawa's forecasters for Ontario's discomfort. As Treasurer, he conveniently forgot to mention the high-priced experts in the treasury—they're here now—who are meant to prevent this kind of mistake. He also ignored the fact that the shortfall in Ontario's revenues that are not affected by the federal government's forecasts was \$226 million, or at least half of the latest increase in the deficit.

In my budget reply last April, I forecast there would be even more deterioration in

certain tax revenues during the course of the year than the Treasurer now has given to us. Obviously we are not making any progress towards a balanced budget. Our forecast in the spring, when we anticipated that the final deficit for the year would be more than \$1.4 billion—and not just less than \$1 billion, as the Treasurer forecast—is clearly and sadly correct.

This isn't all. Not only has the budgetary deficit increased by \$435 million in the first six months of this year, but there are other unsavoury consequences of the economic situation to which both the Treasurer and his Conservative colleagues have contributed so substantially.

One of the major weaknesses of our economy in Canada has been the amount of our foreign borrowing, and one of the major foreign borrowers—to the tune of \$4 billion—has been Ontario Hydro. But when the Canadian dollar slumped during the past year, the chickens came home to roost. Hydro has just under \$4 billion worth of outstanding securities in American dollars, in West German marks and in Swiss francs. The exchange rate losses on those loans since June 1976 now amounts to \$500 million or a bit less—about \$60 for every man, woman and child in Ontario. The increased interest alone on Hydro's foreign borrowing arising out of the exchange rate decline will cost Hydro's consumers close to \$1 million a week. That's one of the consequences of Mr. McKeough's tenure as Treasurer.

What's half a billion dollars if you're Treasurer of Ontario and if you're Darcy McKeough? I think it's pretty serious. I recognize, Mr. McKeough, that you alone are not responsible for our present circumstances. You have some colleagues in your cabinet, and a few who are out of the cabinet for a while and giving support from the back benches, who along with the federal government must share some of the blame, as must business and all of us as Canadians.

An hon. member: What about labour?

Mr. Cassidy: I would have thought that labour was part of all of us as Canadians. If you want to exclude them, that's up to you.

When you have a province that is responsible for half of Canada's manufacturing and a government that has run that province for three decades or more, then an enormous amount of the responsibility must fall on the Progressive Conservative administration here in Ontario.

In its recent brief to the federal government, the Canadian Manufacturers Association estimated that 250,000 jobs had been

lost in manufacturing in Canada over the past seven years.

The recent report of the Science Council on manufacturing came to depressing conclusions. In 1977, they say, there are very real fears about the prognosis for Canadian manufacturing as a whole. The council finds technological capability in Canadian industry has deteriorated, that the exports of high-technology goods from Canada have fallen in relative terms and that high-technology industries are losing ground in the home market to foreign competition. This year's university graduates, the council says, face the most dismal job prospects in the last 40 years. Almost every branch of Canadian industry shows signs of weakness.

With hindsight, the council says—and I realize that hindsight is almost always clearer than foresight—one can see that the 1960s were a period of serious decay in Canadian manufacturing. The troubles besetting our industry are too deeply rooted to be overcome by short-term or superficial measures. From 1970 to 1975, Canada's share of world exports has fallen from 5.4 per cent to 3.8 per cent and imports have risen from 26 per cent to 33 per cent of our domestic market. Most sectors of technology-based industry have suffered increasing deficits in that period, and yet there's been almost no response from the government most concerned, the one here at Queen's Park.

One surely expects that Queen's Park will take responsibility to oversee what is happening in the most dynamic and important sectors of our economy. That's what you yourself have said as Treasurer, and I'll read you a quote: "Ontario believes," says Darcy McKeough, "that the provinces have the primary responsibility for the management of their own economy." But one speech does not make a policy, because in practice the Treasurer passes the buck to business, to the federal government, to municipalities and to any other convenient whipping boy.

The Science Council report goes on to report that between 1965 and 1975 industry spending for research and development in Canada had dropped from 0.81 per cent of their production to less than 0.6 per cent. When they looked at manufacturing output and the proportion of manufactured goods in our exports, the council concluded that we have been de-industrializing in Canada, that we are now no more than a semi-industrial country and that by comparison with virtually all the western European countries and a number of countries outside of Europe, Canada fell behind and industrialized at an abnormally slow rate during the golden 1960s.

Since we have half of the industry in our province, that's a clear indictment of this government, which has been in power for that period of time.

This fundamental weakness has affected us in a number of ways. Our merchandise trade surplus has never been enough to pay for the cost of interest and dividends abroad, of foreign travel—like Bill Davis's trips—and of other invisibles. The consequence is that we have been forced into heavy foreign borrowing, and that clearly has been a major factor in high interest rates, in the high cost of investing in Canada and indirectly, through the housing market, in having some influence on wage levels.

The weakness of secondary manufacturing has also affected the service sector. Many services in the economy relate to business and not to consumers, so when our industry is weak we lose jobs in finance, distribution, marketing, organizing, research and other functions that are attached to the growth of secondary industry. But all of these factors have been lost sight of as Ontario enjoyed the boom that was fueled by America's involvement in the Vietnam war.

To make matters worse for Canada, the US has had problems of their own. The measures that they have taken to try and strengthen their economy, including programs like DISC, have put new pressures on the Canadian manufacturing sector. The Science Council says that our branch plants are in many cases weak appendages of transnational corporations which may tend to prune back their foreign operations more and sooner than their operations in the country of origin. Government policies at home may also tend to encourage that behaviour and since we are the most pronounced example of a dependent host economy we are particularly vulnerable to this kind of problem.

It is surely naive for the Premier (Mr. Davis) and the Minister of Industry and Tourism (Mr. Bennett) to look for a welcoming reception in Japan when they went out drumming for investments, because it isn't in the Japanese interest to paint a rosy picture of our business climate when they have problems of their very own. In too many cases the adverse business climate which is being painted here in Ontario, and which obviously has a very real impact on investment, is a perception that is done on a self-serving basis by foreign businessmen for their own purposes. It doesn't help, however, to have all the worst fears of foreigners confirmed and exacerbated by people in government here in Canada.

Your government's response to this catalogue of problems, however, has made our situation worse. For the last three years as Treasurer you have been consistently advocating a policy of public sector restraint, unaccompanied by any leadership to the private sector in terms of where it should go or where it should grow.

Ontario's fiscal incentive to industry in the form of depreciation and the machinery tax exemption are having no discernible impact. When these incentives were reintroduced in 1975 the rate of increase in business investment dropped from 21 per cent increase to less than 10 per cent increase. It fell to an eight per cent increase in 1976 and a forecast 7.2 per cent increase this year, or a decline in real terms.

For all the efforts of the Treasurer and all the speeches you have given in all the business groups across the province, business investment in this province is consistently lagging behind capital investment for industry in Canada as a whole. Since 1975 employment in manufacturing has actually been on the decline. Yet that is your white hope for the future of the Ontario economy. When things go wrong all that you as Treasurer seem to be able to propose is that more incentives be given to industry, that existing programs be extended, that more gifts and handouts be given to the corporate sector.

Eric Kierans, who knows a bit about running a store and with his eye on Ottawa as well as on the provinces, has said that he doubts that any nation in the world now gives its corporate 1,000 more handsome gift packages of subsidies, tax allowances, quick write-offs, deductibility of merger costs, cheap loans, export credits and insurance, but the plain fact is that all of the old remedies which you are using here in the province are not working. The plain fact is that while our productivity in Ontario is within shouting distance of our American competitors, the capital investment that you as Treasurer constantly try to encourage is woefully mismanaged and capital is used much less efficiently than in the United States.

During the estimates I will have a fair amount to say about strategies in specific sectors of Ontario's industry. This is one of the areas where we can make progress in strengthening our industrial structure and where business is prepared to co-operate with government if, for ideological reasons, you as Treasurer did not explicitly reject sectoral planning as interference by the state.

I want to suggest that the policies now advocated by you as Treasurer are destructive in the extreme, both for the economy and for

the quality of public life and for social services in the province.

Under the Tories we are in a vicious circle. The weaker the economy, the more strength you as Treasurer have to impose cutbacks and to impose your policies on the rest of cabinet. We make no mistake; we understand you have been doing it with a vengeance. The more you pursue that destructive course, however, the weaker the economy becomes.

In fact, the Treasury itself forecasts that the policies you are pursuing are bankrupt. "The Long-term Protection of Ontario's Industrial Development Pattern"—that's the title of a Treasury document—forecasts that manufacturing will decline from 25 per cent of Ontario's labour force in the mid-1970s to 20 per cent in 1985 and about 16 per cent in 1995. That means there will be virtually no employment growth over the next two decades in manufacturing. The Treasury forecasts that many new jobs will be in the government sector, but that is clearly not assured when both municipal and provincial services are under our heavy hand.

[9:00]

The Economic Council of Ontario makes a similar forecast, anticipating almost no increase in the 1.4 million jobs that now exist in the resource industry, in manufacturing and in construction over the next 10 years. We will need more than the 89,000 jobs that you as Treasurer have promised for this year and more than the 100,000 jobs per year that we're promised in the Bramalea charter, a political promise which condemned the province to eight per cent unemployment well into the 1980s.

During these estimates I would like you as Treasurer to say where you expect the jobs we will need to be found, whether you agree with our estimate that we will need at least 1.1 to 1.2 million jobs over the next 10 years to put us on to a steady basis. Industry will want answers to those questions.

We find that industry is failing to respond here in Canada because of a series of inter-linked problems and not just a shortage of investment. We want you to respond to that as well. In fact when industry is running at just over 80 per cent of its capacity, what we're clearly short of is demand rather than investment. No matter how many incentives are put in their way businessmen are going to be reluctant to expand if they can't see where to sell their goods. The Treasurer himself admits that consumers have responded to the climate of restraint by cutting the increase in retail sales to half of last year's rates. That provides little enough incentive to step up production, let alone investment. So what

are you going to do about investment, apart from saying you're going to pray for federal action?

Both the Treasurer and the government fail to be constructive when it comes to industry and in many cases I think they are actually being destructive. We'll be asking over the course of these estimates just what specific steps Ontario is taking to get a fair share of automobile parts production and why some of the most basic steps in organizing that industry, such as the creation of an industry advisory council, have only just begun. We will ask how Ontario intends to influence branch plants which fail to export and confine themselves to filling orders in Canada at the behest of their head office.

We will ask why when 450 jobs went down the drain in Peterborough, Ontario failed to lift a finger to help the workers in co-operation with that community in their efforts to buy the Pioneer chain-saw division of Outboard Marine and set it up on an independent, Canadian-owned base. When 20,000 jobs are disappearing through layoffs and shut-downs in Ontario every year we will ask the Treasurer what policy he is developing to anticipate shut-downs and to provide the adjustment assistance which he now says is essential.

The themes of the Treasurer's policy become more and more clear with the speeches you've made across the province over the last couple of years. You want us to blast our way into world markets. You believe that bigness and rationalization through merger and acquisitions are worthwhile for their own sake. You want to encourage more foreign investment in Canada. You look forward to more agreements like the automobile free trade agreement. And you have little regard for small business. Whether you have any regard at all for small business may be tested on Thursday of this week when the House will consider the private member's small business bill put forward by the member for Victoria-Haliburton (Mr. Eakins).

One has to ask whether it isn't naive for you as Treasurer to call for aggressive efforts to open up markets in the United States, in the Third World and in Europe, when that is the area of the fiercest international competition and when we have made so little effort to exploit our own home market and take back some of the markets now held by imports. When the Treasurer glibly suggests that we dismantle the Competition Act, undermine the Foreign Investment Review Agency to allow foreign investment, and move to freer trade and world competitive industries with little regard for the domestic consequences, you

know for sure that Darcy McKeough is ideologically stuck back in the 18th century and doesn't understand how the world is working today.

In fact it's the Treasurer and the Premier who have been turning this province into an industrial wasteland and the New Democratic Party which has been trying to get us out. The Treasurer's prescription is reminiscent of what we've been hearing from Jim Gillies, the Conservative financial critic in Ottawa. But Gillies admits that he wants to make us into hewers of wood and drawers of water and you, as Treasurer in Ontario, have not been so honest.

The \$2 billion benefit that you mentioned as coming from freer trade is a highly suspect figure which, among other things, takes no account of the risks that are inherent in having a few highly capital-intensive world-scale firms as compared to having a broadly based economy. Nor does it measure the dangers to particular sectors of industry or particular parts of the country. I hope the Treasurer will publish the information on which these estimates are based and which he presented to the finance ministers in Ottawa.

Business is convinced that export successes are dependent on building a strong domestic base and has been saying to this government that the domestic base is being eroded very badly and that's been happening over the past several years. We already have a very open economy in this country, in particular, because we lack non-tariff barriers and because of the very close relationship between branch plants in Canada and their parents abroad. Freer trade on its own will only aggravate the import problem, will worsen our manufacturing trade deficit and permanently impair our capacity to provide jobs.

Canadian subsidiaries of American parent companies are reluctant to export and are predisposed to import goods and services, and that's a major cause of our manufacturing trade deficit, yet it has never been addressed by the Conservative government of this province. To carry out tariff reductions before we redress the underlying structural problems in Ontario industry is to invite economic disaster on an international chopping block.

The Treasurer has really failed in all of the talk he has made to give any details of where he thinks Ontario should expand industrially or what he thinks the contents should be of an Ontario industrial strategy. You have failed to give any clear guidance as to what you think Canadian tariff policy should be in the current round of talks and where you think the winds of competition should hit the hardest. But then that's typical, I think, of

you. One of the great touchstones of economic policy in this province, as the Premier demonstrated yet again yesterday, is to call for action by another level of government.

The Treasurer is surely guilty of that arrogance in the extreme when he reiterated at the conference in Ottawa that Ontario would be pleased to cut its sales taxes for six months in 1978 if the federal government would only make up for the shortfall by giving \$270 million in lost revenue to Ontario. But when we asked for action by government to create jobs this winter, as a short-term complement to the long-term strategy Ontario needs, we were offered nothing but prayers by the Premier—prayers and little else.

The Treasurer abdicates his responsibility in carrying out a restraint programme, on the one hand, but making no meaningful effort to build up Ontario's economy, on the other. Your policy is destructive because as employment falls and as the economy weakens, we will never achieve the balanced budget you so avidly seek. We will have lost billions of dollars in lost production every year and we will have hundreds of thousands of families seriously affected by the kind of unemployment that you seek and are prepared to tolerate as Treasurer.

The other day in Sault Ste. Marie I was told by a caller on a hotline show that married women should be forced to drop out of the workforce in order to make jobs for men who are now unemployed. That really worried me. I don't know whether the Treasurer agrees with that particular policy but the policies he puts forward of deliberately fostering high unemployment, of putting women into the secondary labour force and of putting young people into the secondary labour force are destructive. They pit worker against worker. They make it difficult to create jobs for people who are disabled or handicapped. They pit men against women in the work force and young people against adult workers.

Surely this isn't the kind of society we want to create. Yet it's the inevitable result of the kinds of policies that you, as Treasurer, are pursuing. Your policies are destructive of confidence in local government because of the way in which you have passed forward Ontario's burdens in the form of municipal tax increases. At least it would have been honest of you as Treasurer to have said this fall that you were abandoning the Edmonton commitment which promised to allow the municipalities to share in the province's increases in revenues. But, in that artful way that you have and that funny way of misrepresenting the figures that you so often adopt, you changed the situation to the point where you

blame the municipal sector for policy changes which were being imposed upon them retroactively over a period of five years from Queen's Park.

This was no petty swindle either. The Treasurer has wrenched \$250 million that was committed to the municipalities for the forthcoming fiscal year and municipal taxpayers face property tax increases of around eight per cent as a result before their local governments have a nickel to spend on rising local costs and local priorities.

The restraint package is destructive for the social services that we have laboured so hard and so long to create in this province. I think we should be clear that these are services that serve a broad range of the population, and not just a handful of people who happen to be very poor. Health services, hospital insurance, healthy community and family life, services to children and the retarded are all coming under the destructive McKeough axe.

Up in Ottawa in our new southern community, day-care planning for a community which is meant to have all income groups and not just the very rich has come to a complete halt because of the moratorium which has been put on new day-care centres, because of the Treasurer's policies. That kind of decision is not only short-sighted, but it will lead to more unemployment and more welfare to be paid for by the taxpayer because women who need day care will not be able to get into the labour market and have reasonable access to jobs.

Children's Aid budgets are still not approved for 1977 across most of the province. The increase in 1978 which the Treasurer has forecast is so small that there will be vital and dangerous cutbacks in services. The new thrust for children's services in the Ministry of Community and Social Services is not being matched by any increased priority in the form of spending. Its success is, therefore, in question. The restraints have been so obnoxiously applied that they have prevented initiative and they have prevented the creation of new kinds of service delivery that would replace existing institutional services which are far more costly. When people complain, all the answer they get is, "Well, this government intends to balance the budget". For God's sake, what we need is to balance the economy; we need to build up the economy so that we can provide the jobs that will help people off unemployment and off welfare and so that we can maintain the revenues that are needed to provide social services, through government.

I am deeply concerned about what is happening in the province under the direction of

the Davis-McKeough government. I am deeply disturbed by the destructive policies pursued by the Treasurer. During the course of these estimates, I want to explore with the Treasurer just whether there is any industrial strategy to speak of for Ontario or whether the Treasurer is completely bereft of ideas in this field.

I want to explore as well whether anything is left of the efforts that began to be made in this province once at regional economic planning. Whatever happened to that structured plan for Ontario which John White once had, which was once in the Treasurer's top drawer and then slipped to the bottom drawer and then was put in the waste basket? That has given away, it seems to me, to meaningless rhetoric which is not backed by any commitment or any tools that would achieve a dispersion of what growth exists to the less favoured part of the province.

In my own city of Ottawa, the unemployment rate now exceeds eight per cent, and there are few cheerful signs ahead. The enormous growth of the federal government had to come to a halt some day, but we in the province—this government in this province—have wasted the good days when a much more varied economic base could have been created for Ottawa and for eastern Ontario. We have wasted the good times when we could have devised an industrial strategy for this country and for this province. We have wasted the good times when we were meant to have a breathing space under the anti-inflation program.

No meaningful action has been taken by Ottawa or by this province to enable us to get out of controls. Ontario's own stance on controls is nothing but opportunism. Last spring the Treasurer said they should be kept on and applauded the federal finance minister. Just recently the Conservative Premiers, including Bill Davis, met with Joe Clark, listened to the message from business and started a clamour to have the controls off.

Where are we going, Mr. Treasurer? The NDP has been offering some constructive alternatives to the destructive course that you have plotted for Ontario. As your Premier says, we believe Ontario needs short-term action to create jobs. But we don't agree that Ontario should simply pass the buck to Ottawa as you are prepared to do. There is a curious schizophrenia in Bill Davis being able to demand nationally the action that Darcy McKeough is not prepared to take at the provincial level. There is a curious schizophrenia in calling for a national economic development strategy when you are not pre-

pared to come up with one for this province, which has half of the nation's industry.

It is a dangerous and destructive course when the Treasurer of Ontario is prepared to tear down the Ontario economy and cut out vital government services in an effort to force the government to a balanced budget position at the expense of a balanced economy and at the expense of all other priorities by 1981. As people recognize the consequences of that policy, we believe that they are going to come to accept the NDP's alternative for a balanced approach and a genuine industrial strategy.

Mr. Chairman: Does the member for Wel-land-Thorold have any comments?

Mr. Swart: Yes, I do, Mr. Chairman. They will be rather brief. I intend to deal with just three items at this time in a very general way. Then during the debates on each of the estimates I will be making fuller statements at that time. The three things I want to deal with are the advance notice of the provincial transfers to local government, the Edmonton commitment, and reassessment. I would like to put the matter of provincial transfers into perspective because this has not been done, least of all by the Treasurer of this province. [9:15]

I have here a speech which he gave to the advisory committee of municipal treasurers and municipal finance officers on September 20 in London, Ontario, in which he made these comments after condemning the editorial in the Toronto Star. He said:

"Nevertheless, total transfers to local governments in Ontario will not be cut back but will increase by 8.3 per cent or \$310 million next year."

I say that the Treasurer knows that statement is incorrect. He knows that I know, and most of the other people in this room know, that statement is incorrect.

The actual increase in transfers to the local government bodies which received those same transfers last year is \$177 million and not \$310 million. This becomes apparent from your own statement, Mr. Treasurer, in the advanced notice of 1978 provincial transfers to local government, in which you state on page 14 that "under the current arrangement total grants would increase by \$421 million in the 1978-79 year."

Then, if we turn over to page 21, you state: "There remains \$82 million for actual growth in your calendar year, substantially down from this year's increase of \$186 million." There is a table under that which shows there is going to be \$90 million more transferred to the school boards, and one can find \$5

million in the other four items that the Treasurer has added in.

This means those bodies which received actual transfers of \$3,103,000,000 in the previous year, will get an increase of \$177 million. The \$310-million figure, of course, is a figure that includes such things as teachers' superannuation which have been put in new this year and which have already been mentioned here in the debate today.

The increase in transfer to local government is not 8.3 per cent, as stated by the Treasurer; rather it is 5.3 per cent. I think we should put that in perspective and on the record because those are the actual increases, and not what the Treasurer has been quoting around the province.

Let me just say with regard to provincial transfers that the very fact that the Treasurer has been unable, as he admits, to keep up the level of transfers to local governments in proportion to the revenues that the province requires, simply shows that the municipalities are doing a better job than the province has been doing in managing their affairs.

To put this situation in perspective, there is one other thing should be said; that is, of course, that there is little or no increase in the property tax credit. If we assume an increase in income from year to year, the average taxpayer is receiving no increase whatsoever in the property tax credit and, therefore, those in the lower-income groups have much more to make up than even the 5.3 per cent additional transfers that the Treasurer is going to make to the local governments.

The figures which the Treasurer has recently provided for the last three years show that in fact property taxes have increased much more rapidly than the cost of living.

The second subject I want to discuss is the Edmonton commitment. The breaking of that commitment has been covered here by my colleague in the NDP and others, and I am not going to go into that at great length at this time except to point out the absurdity—I think that is the correct word—of the inclusion of certain things as though they were transfers to local government.

For instance, farm tax rebates are considered as transfers to local government. In fact, if there were no farm tax rebates, local government would get exactly the same amount of money. It is a payment, a subsidy to the farmer. It is a subsidy which is deserved by the farmer, but it should never, by the greatest stretch of the imagination, be included as being a transfer of moneys to local government.

Also, on the Ontario Home Renewal Program, where the municipalities are putting up 25 per cent, the provincial government now is going to take back the 25 per cent which it is paying for its share of the Home Renewal Program.

Third, payments in lieu of taxes also are considered as grants to local government as part of the total transfers. It had been considered for years and years when I was in municipal government, and when some of the other people who are here were in municipal government, that government should pay property taxes the same as anyone else. Now, somehow or other, to throw that in the general transfer field is a breaking of that philosophy and a breaking, I suggest, of the commitment which the Ontario government has made to the municipalities in these provinces.

I turn briefly to the reassessment issue. An announcement has been made that it is going to be postponed once again. I think that's the fourth postponement that has been made. From the figures that were provided at the beginning of the reassessment program in this province it would appear that it has now cost something between \$50 million and \$100 million. It is being postponed, of course, because it is perhaps politically unpopular. But I want to say that if it's politically unpopular now, or was last year, it is going to be much more so now.

In fact, by the breaking of the Edmonton commitment, Mr. Treasurer, you have assured the unacceptability of any property assessment reform. Just think what's going to happen if you put through assessment reform and, as a result, agricultural land has to pay something like \$188 million in taxes instead of the \$60 million paid at the present time. If the province is going to pay all of that or 90 per cent of that amount, that in turn will be deducted from the transfers to local government and up go the taxes again.

In the budget statement which you tabled in 1976, you gave examples of the tremendous increases that there would be in payments to local governments through the reassessment program. The provincial would move up from paying 2.2 per cent of municipal revenue in taxes to 9.4 per cent. By your breaking of the Edmonton commitment and including those items in the transfers, it means there will be no increase whatsoever in that category, and that money then will have to be raised on the property tax.

As my colleague has said, there has been tremendous mismanagement of the economy of this province. I agree with him too that you can't find any province in this nation that

has incurred the per-capita deficits that this government has incurred. I say that the government mismanagement of the handling of transfers to local government and of the reassessment program, as well as of the statement of advance notice of provincial transfers, matches the incompetency of the handling of the economy.

Mr. Chairman: Does the Treasurer have a few comments?

Hon. Mr. McKeough: I don't think so, Mr. Chairman. The four opening statements have covered a variety of subjects and I think we'll be able to cover them in detail as we come to the specific items; so rather than reply now, I'll reply when we get to them specifically.

On vote 1101, ministry administration program; item 1, main office:

Mr. Chairman: Are there any comments under the first item, main office?

Mr. Wildman: Mr. Chairman, I'd like to talk under this vote about the question of economic planning and its importance in the overall structure of the ministry—

Hon. Mr. McKeough: I don't want to be difficult, but if we are talking about regional economic planning, which I think the member is about to, then I would suggest that we deal with that under vote 1103.

Mr. Cassidy: The member for Algoma is going to be involved in Industry and Tourism estimates next week, which is why he and I discussed the possibility of his making his comments at this time since he can't be in two places at once. He is the critic for Industry and Tourism and the two ministries are obviously closely related.

Mr. Peterson: Let's have some order here. We have restricted time.

Mr. Wildman: It seems to me that part of the overall structure of the ministry and the way the ministry approaches the economy of the province, for which the minister is responsible, involve economic planning. I fail to see why that cannot be included under the first vote, which deals with the whole approach of the minister and the ministry to the managing of the economy.

Mr. Chairman: With respect to my friend from Algoma, I recognize his logistic problems but I think it would more properly come under 1103.

Mr. Cassidy: With respect, Mr. Chairman, you put my colleague in a difficult position. If he intended to raise a specific comment related to something to do with the great riding of Algoma, I would agree with you. I

would simply take it over for him or the member for Welland or somebody else from the NDP would take over that particular inquiry. He did want to make some general comments. I have always understood that general comments were in order on the first vote of any particular estimate, including this one.

Hon. Mr. McKeough: Mr. Chairman, it is not my impression. I couldn't care less. If we want to have five opening statements instead of four, that's fine with me. It's hardly getting down to the business of the estimates, in my view. It's also my understanding that the Industry and Tourism estimates will not be going forward next week because the minister is still away. However, we can meet that when we come to it.

Mr. Wildman: I haven't been informed of that, Mr. Chairman.

Hon. Mr. McKeough: I'm easy. It doesn't matter to me.

Mr. Chairman: I am not aware of what's happening with respect to Industry and Tourism. I don't know what the circumstance is there. I am in the hands of the committee. If the committee under the circumstances described wants the member for Algoma to make his comments now, it's perfectly all right with the Chair. I just make the observation that I think we have to have some kind of order.

Regional planning would more properly come under 1103, but it is whatever the committee wishes in this respect. If it is going to place the member in a difficult position, that's up to the committee. Would the member consent then, with the possibility that perhaps the Minister of Industry and Tourism will not be back next week to be here, to make his comments at that time?

Mr. Wildman: I will pass until vote 1103, if that's what you want.

Mr. Peterson: Just in detail, looking at the briefing book, what is the co-ordinator on bilingualism in your ministry?

Hon. Mr. McKeough: Where is he?

Mr. Peterson: What does he do and for whom does he work and is he charged with teaching you French or what?

Hon. Mr. McKeough: We might ask Mr. Stevenson to reply to that. I think we had better have some of the staff up here. Come on up.

Mr. Peterson: Are you going to be speaking during these estimates at all, Mr. Treasurer?

Hon. Mr. McKeough: Oh, sure.

Mr. Peterson: Good. He hasn't responded to anything yet.

Mr. Stevenson: Mr. Chairman, if I may, I became the government co-ordinator of bilingualism, in addition to other functions as assistant deputy minister, on April 1, taking over from the secretary of the Management Board who had been co-ordinator for the past several years. Therefore, the function is in the ministry office and I suppose under this vote. The responsibility is essentially being the chairman of an interdepartmental group of advisers on bilingualism. Each ministry and agency has been personally responsible for overseeing or keeping track of the provision of French-language services by each ministry of the government. I have—

[9:30]

Mr. Peterson: Sorry, you're telling me that every ministry has a co-ordinator on bilingualism?

Mr. Stevenson: Every ministry has one—

Mr. Peterson: Co-ordinator.

Mr. Stevenson: Called adviser on bilingualism.

Mr. Peterson: Is this a full-time job for you, Mr. Stevenson?

Mr. Stevenson: No, it isn't, although I do have some full-time staff. On April 1 I inherited an executive secretary to the committee of advisers and his secretary. In addition, I added an information officer and another secretary from the rest of the Treasury staff at the time.

Mr. Peterson: To clarify it; four, you're telling me, are involved in bilingualism in your particular office?

Mr. Stevenson: Four plus myself part time.

Mr. Peterson: Four and one-half, is that fair?

Mr. Stevenson: Yes.

Mr. Peterson: Is that typical of other ministries too?

Mr. Stevenson: No, this is for the government as a whole. I chair the government-wide committee; and semi-annually I'll be making a report to the cabinet through Mr. Brunelle, who is the minister responsible for bilingualism policy.

Mr. Peterson: Why are you in TEIGA?

Mr. Stevenson: I think it was partly because I was involved very much in inter-governmental affairs, because I'm reasonably bilingual and because I've been involved over the years in various papers, proposals on language policy, in the government.

Mr. Peterson: Are you involved in translation services at all?

Mr. Stevenson: No, the translation bureau is within the Ministry of Culture and Recreation,

although we do have suggestions to make about the operations of that bureau from time to time.

Mr. Peterson: But you have to go through Mr. Brunelle in order to get to the Ministry of Culture and Recreation to advise them on the translation services, is that correct?

Mr. Stevenson: Yes. Although—

Mr. Peterson: It sounds very efficient.

Mr. Stevenson: —we can deal directly and often do. I'm in touch with the director of the bureau of translations or with Culture and Recreation about their operations. In fact, there's a study going on right now on how to improve them.

Mr. Peterson: How to improve what?

Mr. Stevenson: The translation bureau—translation services in the government generally.

Mr. Peterson: So you advise on the translation bureau. What other things do you do? I just don't quite follow what you do.

Mr. Stevenson: Every six months the co-ordinator makes a report to the government on the current state—

Mr. Peterson: Who is the government?

Mr. Stevenson: Through Mr. Brunelle. With the new structure, with the cabinet committee on Confederation, it would probably be discussed by that committee in the first instance.

Mr. Peterson: Is that the Premier's advisory committee on Confederation?

Mr. Stevenson: That's the Premier's cabinet committee.

Mr. Peterson: What's that cabinet committee's relationship with the Premier's own committee on the unity question? What's the relationship with the cabinet committee?

Hon. Mr. McKeough: There's both the cabinet committee and the outsiders' committee.

Mr. Peterson: Do they meet together or do they meet separately?

Hon. Mr. McKeough: They basically meet apart, but had a number of joint meetings as well.

Mr. Peterson: Are you on that committee?

Hon. Mr. McKeough: Yes.

Mr. Peterson: You're on both committees?

Hon. Mr. McKeough: No, I'm just on the cabinet committee.

Mr. Peterson: Okay. When I interrupted you were telling me what you did.

Mr. Stevenson: Since I'm the secretary of that committee it also helps to join things a little.

Mr. Peterson: The cabinet committee?

Mr. Stevenson: Yes, and of the advisory committee. So the reports will—

Hon. Mr. McKeough: He's supposed to spend some time working for Treasury, but it's damned little.

Mr. Stevenson: The reports will give a run-down of bilingual capacity by ministry; how many bilingual employees by head office and branch office; the publications put out by each ministry in French and English—bilingual publications, forms and documents; the internal practices by each ministry. I'll be hoping to have a semi-annual report some time in November. We have a questionnaire out to the various ministries right now.

Mr. Peterson: If one had a complaint with the quality of the bilingual services in this province, where would one take that complaint, to you?

Mr. Stevenson: If you took it to me I'd be sure to be right on track with the ministry involved and try to get it rectified. We do get quite a few complaints through my office from outside groups, private people or inside government itself.

Mr. Peterson: What else do you do besides this job?

Mr. Stevenson: I'm a senior assistant deputy minister of the ministry. I had been directly responsible for the intergovernmental affairs side, but as of last year the two assistant deputy ministers are now part of the ministry office generally. I'm still involved primarily in intergovernmental affairs and Ontario co-chairman of the Ontario-Quebec Exchange Commission.

Mr. Peterson: What does that do?

Mr. Stevenson: That's a commission that was set up in 1969 following the signing of an exchange agreement between Premiers Robarts and Bertrand.

Mr. Peterson: That is still in existence between Mr. Davis and Mr. Levesque?

Mr. Stevenson: It is still in existence at the civil service level, as it always has been. The Quebec co-chairman is the deputy minister of intergovernmental affairs of Quebec.

Mr. Peterson: You are the co-chairman here?

Mr. Stevenson: I am the co-chairman here. There are six members on each side, basically assistant deputy ministers in education and cultural affairs—one or two other departments. We meet twice a year, once in Ontario and once in Quebec.

Mr. Peterson: What do you do?

Mr. Stevenson: Deal primarily with exchanges in the educational and cultural areas; students, administrative exchanges between government departments. Occasionally we can get into trying to facilitate the solution of problems between the two provinces at a more technical level.

We do have, through a number of subcommittees, funds available to promote some private sector activities, exchanges in the cultural area. We have arranged a student exchange where approximately 100 students from each province work for the other government during the summer.

Mr. Peterson: Did that go on this last summer?

Mr. Stevenson: Yes. If anything the tempo moved up this year, as it has pretty regularly since the commission was established in 1969. But certainly since November 15 there hasn't been any drop-off of our general activities.

Mr. Peterson: Do you think it is sensible that you are attached to TEIGA as opposed to Mr. Brunelle's bureaucracy?

Mr. Stevenson: I am only reporting to Mr. Brunelle in the bilingualism capacity, otherwise it is through the Treasurer.

Mr. Peterson: But you have just said you spend the majority of your time on this. Does this job require someone full-time in your opinion?

Mr. Stevenson: The co-ordinator of bilingualism's job I suppose now is a day to a day and a half a week for me, but it is related a bit to other intergovernmental activities.

Hon. Mr. McKeough: The position was formerly held by the secretary of the Management Board, who was also secretary or at least co-chairman of the Quebec-Ontario commission. Those two things aren't synonymous, but I guess the sequence of events was that—Which happened first? Did you become co-chairman?

Mr. Stevenson: Two years ago I became co-chairman of the Ontario-Quebec commission, but only this April became chairman of the bilingualism group.

Hon. Mr. McKeough: It was moved over.

Mr. Peterson: I have some more questions on this vote; not for Mr. Stevenson.

Mr. Chairman: If it is under the first item, go ahead.

Hon. Mr. McKeough: If I can just go back to what Don Stevenson has said in the area of both the Ontario-Quebec commission and in bilingualism; he has put it a little bit modestly but it is the job of both groups to

isolate or point up those things which need ministerial attention. In the case of bilingualism, I don't know whether members of the opposition have felt this but certainly there have been complaints from some ministries, my own included, about the turnaround time on translation of letters.

Mr. Peterson: But that is under a different ministry.

Hon. Mr. McKeough: That is right, but it also becomes a concern of the co-ordinator on bilingualism and the people who are meeting those problems daily. So in that area Mr. Stevenson would act as a lightning rod, and would and has made suggestions to the appropriate minister and to the cabinet committee on Confederation—because it is bound up in that area at the moment, or is part of that area at the moment; I don't think exclusively, but it is part of that area—and would ensure that that area, hopefully in the future will have greater attention.

In the area of the Ontario-Quebec commission, again it would be Mr. Stevenson's job as a co-chairman to try to solve problems—and I think it's fair to say there have been a number of problems solved at the officials' level—and to bring those problems which have not been solved at the officials' level, to the attention of the government as a whole. In many cases they are not problems which are simply between respective ministers of the two governments but which may be government-to-government problems and require government-to-government solution. I'm thinking particularly of the area of tourism, where there are some ongoing discussions, which I'm not completely familiar with, about joint approaches to tourism on the part of the two governments.

Mr. Peterson: Do you have your own information officer who works exclusively for you in this capacity?

Mr. Stevenson: Yes, although she has become available as a resource to the government as a whole in helping other ministries develop better French-language information capacities. She's in the process now of preparing a general report for a public distribution on what is available in the government. I think she's been able to get quite a bit going in four or five other departments where there was very little up until this year.

Mr. Peterson: I'll speak later to the whole question of information officers in this government. It seems we're being run by information officers.

Hon. Mr. McKeough: I have one other point. I've lost track of numbers but there's also another group, ACFO, which many of

you are familiar with, which relates in part to the Ministry of Education but also relates to the Premier's office and to some other ministries. I'm sorry, it's not ACFO.

Mr. Stevenson: Le Conseil des Affaires Franco-Ontariennes, the Council on Franco-Ontarian Affairs, reports to the Minister of Culture and Recreation and the Minister of Colleges and Universities.

Mr. Nixon: ACFO is still independent?

Mr. Stevenson: ACFO is quite independent, aside from the fact that we co-opt the chairmanship of it from time to time.

Mr. Peterson: You're happy with the way the whole problem of bilingual services and the unity issue, which is related, are all administered.

Hon. Mr. McKeough: I wouldn't argue that the staff of three or four to which Mr. Stevenson refers were as well related when they were in Management Board as they are now. I might argue that they are better located now. That's a moot point as to where the small group of people should best be located. It so happens that Don Stevenson is in our ministry and has been pulling together a number of things in this whole area. It seemed appropriate, I guess to the Premier and the Management Board, that that small group would better relate to intergovernmental affairs.

I have no doubt that if Don Stevenson went on to bigger and better things, or lesser things, and if the Deputy Minister of Culture and Recreation was the appropriate place, then this small group might move there at that point in time. I wouldn't defend it, but it's one of those things that obviously crosses every government ministry at some point or another. Where they're located is probably debatable.

In the present context, however, in terms of what happened on November 15, I think it has been increasingly important that all these arms and threads be located in one place. I jokingly said I'm not sure that they're in Treasury. I think it is fair to say that since November 15, most of Don Stevenson's reporting time has been directly to the Premier rather than to Rendall Dick or myself, and so it should be.

Obviously, as a convenience, these things are located in a ministry, but the focus of the real reporting relationship, not only in terms of bilingualism but in terms of the secretaries of the two committees—the Ontario-Quebec permanent commission—for a whole lot of obvious reasons has been directed to the Premier and the cabinet com-

mittee. Hopefully the day will come when that is not the case.

[9:45]

Mr. Peterson: Do you want me to carry on with the same item?

Mr. Chairman: We have other matters under the first section, main office. Yes, I would think it would be appropriate to finish this up.

Mr. Peterson: Under service, it says TEIGA's share of advertising re Ontario services in the ethnic media, \$88,000. How was this allocated between ministries and what is this for?

Mr. Dick: We do carry within the estimates that overall sum, which is not all our own expenditures. If you wanted the detail of it, we can provide it to you and the specific breakdown of it. David Maskens would have it available.

Mr. Peterson: You're saying that's just TEIGA's share, I assume from that that other ministries carry their own share as allocated.

Mr. Dick: As I understand it, there are other ministries that have an item for ethnic advertising.

Mr. Peterson: If they haven't then you've worded this in a funny way. Would you not agree with that, Mr. Dick?

Mr. Dick: I don't think it's poorly worded—not in my understanding of how it's distributed to us.

Mr. Peterson: Is this mostly through that agent we read about a year or so ago who was taking commissions on both ends? Is that your agent for placing this advertising?

Mr. Dick: I don't recall the item you mention about the agent.

Mr. Peterson: Help me out. Eduardo knows about that, doesn't he? Could you just break that down? What are you advertising?

Mr. Dick: We'll bring in Mr. Maskens, if we may. He's got the detailed breakdown of the items.

Mr. Peterson: My colleague of course was under the impression it was all just channelled through Industry and Tourism. Perhaps you can clear up—

Hon. Mr. McKeough: It's all channelled through Industry and Tourism. All the advertising—or I suppose 99 per cent of it, never all—but almost all of it is placed by Industry and Tourism. But then it's charged back to a variety of places.

When I say 99 per cent of it, there may be a royal commission for some reason or another that goes its own way. But I think

we'd have to ask Claude Bennett. I think all of it is now—it's supposed to be and I would guess most of it is—going through the agency of record and is being placed through Industry and Tourism.

Mr. Peterson: On what basis does he charge back \$88,000 to you; what percentage is that of the total and what is the substance of that advertising?

Mr. Maskens: Sir, I cannot give you the specific details now, but I'd be happy to prepare those and bring those in. As we understand it, the total budget is controlled by Industry and Tourism and they determine how the budget—

Mr. Peterson: For Industry and Tourism purposes, presumably. Would you agree with that? Like travel in Ontario, is that it?

Hon. Mr. McKeough: No, no; these were a series, as I recall, of ads placed about total government services. I'm not sure whether on an actual basis or simply on a pro rata basis, but it was split up among a number of government departments.

Mr. Peterson: So you're going to come back to us tomorrow and tell us what the total overall governmental budget for that item is?

Hon. Mr. McKeough: I think you'll have to get that from Industry and Tourism, but we can tell you what's in the \$88,000.

Mr. Peterson: You can tell us on what basis you were charged back to \$88,000?

Hon. Mr. McKeough: Yes.

Mr. Peterson: Just one other item and then I'll be quiet. Consultants, such as speechwriters, do you have a speechwriter on staff?

Hon. Mr. McKeough: Yes, at the moment; we don't always.

Mr. Peterson: You have your own speechwriter?

Hon. Mr. McKeough: He does work for other people as well as me, yes.

Mr. Peterson: I thought it had improved a little lately. Thank you.

An hon. member: That was very unkind.

Mr. Peterson: Lecturers and specialists, what is that category? Consultants, what kind of consultants do you hire outside? Is that the sum total you pay to outside people? What is that?

Hon. Mr. McKeough: No, no; normally studies would be charged to the specific branch of our division. I assume this is there to cover, on an historical basis, studies which don't fall into any specific category or couldn't be easily charged to any branch and therefore we pick those up.

Mr. Dick: For the special things that arise, and of course for budget preparation or something else—

Mr. Nixon: You don't get outside experts to assist in the budget, surely?

Mr. Dick: No, not for the budget. But there are various things that have to be done, whether it is research or whether it's a special thing you want done in a hurry. We hire somebody if we haven't the capacity in our office to do it. But it is not the writing of the budget.

Hon. Mr. McKeough: Is that inflation accounting? Is that in there, Dave?

Mr. Peterson: Is it? Could you just help me out? To the best of your knowledge what is included in that \$55,000?

Mr. Honey: If the ministry wanted a special study on organization and so on, there are funds available within the ministry main office item for that.

Mr. Peterson: You are talking about just administrative studies or efficiency studies within your own ministry?

Mr. Honey: No. You're not talking about policy studies or that kind of thing?

Hon. Mr. McKeough: They should be charged back to the specific branch.

Mr. Peterson: I guess I won't ask about aircraft rentals. I'll pass.

Mr. Nixon: I'll be brief, Mr. Chairman. I wanted to ask the Treasurer for, I suppose a personal opinion. Now that the recommendations of the committee on government reorganization have been implemented for long enough so that they are established and accepted by many people active in public life in the province—not only in the Legislature but in the municipalities, the financial community and planning community at Ottawa and elsewhere, the areas that are encompassed by his very large and powerful ambit—one of the criticisms that was expressed at the time of the report of the committee on government productivity, when that report was largely implemented, was that this ministry was too large and cumbersome for the administrative responsibility of a single minister. The ministry could be compared, I suppose, with Correctional Services, both in responsibility and budget—the responsibility and clout of the minister concerned—because in the cabinet we know that you are all equals. The Premier himself is only the first among equals and that's a basic tenet of our democratic process.

But when we look over the years in which TEIGA has been in operation—and I really am glad the minister refers to it as the

Treasury and to himself as the Treasurer because that's the way it should be—historically Treasury has been the principal ministry and the person who held that position was, under most circumstances, in many respects the principal advisor to the first minister. No one objects to that, but when we see the record of so-called TEIGA over these years we can see that probably a good case can be made that it's too damn big for one minister to operate.

I was looking at the report of the Ontario Land Corporation and saw the report, for example, of the South Cayuga acquisition and the fact that the acquisition was undoubtedly made in error and that we paid about \$26 million, with carrying charges of \$4 million or \$5 million. We saw reference to the Edwardsburg acquisition, which was carried out almost unilaterally by the Treasurer of Ontario. I think it took something like \$8 million to acquire the land and close to \$1 million to carry it on a yearly basis, yet in the most recent report of the Ontario Land Corporation they say that obviously there is no way we are going to entice industry to locate there. Perhaps we should respect the present cabinet wishes that it be made a showplace for what can be done with agricultural lands in the eastern part of the province.

Even the decision pertaining to North Pickering and Townsend itself can be severely criticized by people who are perhaps less objective in this matter than myself. It is a typical case, in my view, where the power of the Treasurer in this ministry has not been used in the best interests of the province.

Sometimes, I suggest, the manifold and heavy responsibilities even interfere with the job as Treasurer, which must obviously come first. Our present difficulties with mining revenue can probably be traced back to the substantial amendments in the Mining Tax Act and the philosophical approach to it which was implemented by the Treasurer of Ontario, not this one but the Treasurer of Ontario all the same, which was severely criticized at the time, both by the industry and by responsible people in opposition. I suppose it wasn't three or four months after the mining tax amendment had been brought in that the Treasurer of the day had to make substantial downward revisions in his estimates of the revenue even then. This was before we were worrying about what's happening to the nickel market worldwide and so on.

I can recall having a bill presented to the House where the Ministry of Housing was

established, with elaborate planning responsibilities. I believe we still have on the books of the province, a one paragraph statute that says "in case you're wondering the chief planner is the Treasurer." Those people—and we as elected members of the House deal with them all the time—those people who have responsibilities at the municipal level often say, and maybe they tend to be reactionary and conservatives, and I suppose people in all parties can be branded that way, "My God, if we only had a Minister of Municipal Affairs who was not so overwhelmed with the responsibility of financing the largest and richest province, of dealing with the government of Canada as well as all of the other municipalities, of having the responsibility of re-Baldwinizing Ontario and so on; if there was only someone who could deal with municipalities at the ministerial level, rather than dealing with one of the many competent staff whom we see around here and whom we'll be hearing during these debates."

We said at the time that I felt the recommendation to establish this ministry was a mistake. Obviously an individual can handle almost any responsibility put to him by the leader of the government, but we can point out chapter and verse of errors in judgement, and to financial expenditure which in my view can be directly attributed to the fact that the Legislature has given one ministry much too broad an ambit.

I remember thinking at the time that it was ridiculous for the committee on government productivity to say that the Treasurer should have full responsibility for municipal affairs, since a large share of municipal finance had to be directed from the provincial resources. I suppose that would mean that the Treasurer should be Minister of Health and the Treasurer should be Minister of Education.

Obviously the Treasurer can say to his cabinet colleagues what can be expended and what cannot, in his judgement as the chief guardian, not only of our Treasury but of our credit. I am a bit past some of the political heat in this issue, but I would really like to ask the present Treasurer if at any time he gets the feeling that the time will come when there will be a separate department or ministry which will deal with the municipalities.

I suppose the other side of intergovernmental affairs is not so worrisome, because the Premier does take a direct responsibility, with the assistance of the Minister of Intergovernmental Affairs, in dealing with other provinces and the government of Canada. I simply want to state my view, which has

remained unchanged, that this ministry is a monstrosity. I'm not attributing that characteristic to the present minister. I feel that the Treasurer of Ontario, since the implementation of this expanded area of responsibility, has made some of the most serious errors of judgement—involving changes in policy, the acquisition of property, the borrowing of funds—that this province has ever been exposed to.

I would suggest very strongly that the government ought to divide these responsibilities. It would have nothing to do with the personal responsibility and role of the individual minister. It may well be that a year from now the Minister of Correctional Services will be the most influential minister. We're tending in that direction.

I really feel that a mistake was made—what, five years ago now—and that we should still press for a remedy. That's all I have to say about that.

[10:00]

Hon. Mr. McKeough: I guess five years and six months later is perhaps a good time to take a look at COGP. I had a very little bit to do with its genesis, and something to do in working through it and certainly something to do with the implementation. After about six months, I guess, I was then Chairman of the then Treasury Board, and the implementor, who is now the federal Deputy Minister of Labour, reported through me to the cabinet or to the Premier. Perhaps it's a good chance to look back.

I think COGP—and one of the members of COGP is on my left—was a happy combination of outside advice—the theory that you should run government like a business—and the other combination of the insiders, of whom there were four—

Mr. Dick: Five.

Hon. Mr. McKeough: Five.

Mr. Nixon: Are some of the outsiders now insiders?

Hon. Mr. McKeough: Just one, just Fleck.

Mr. Dick: He was really the executive director.

Hon. Mr. McKeough: He was neither in nor out, really.

Mr. Nixon: I see. I thought Dillon was on there too?

Hon. Mr. McKeough: No; Task Force Hydro.

I would say they brought those two groups together, and not necessarily that they made mistakes but certainly there were mistakes made in implementing some of their recommendations. I don't think some of their

recommendations would stand up completely today, five and a half years later.

Let me look just for a moment at some of the strengths which I see before coming down to the specific matter which the member for Brant-Oxford-Norfolk mentioned. There are three or four real pluses—and there were a lot more than that—but three or four pluses. Regardless of the merits or otherwise of the separate positions of provincial secretaries—the member has strong views on that and I'm not going to debate that—the cabinet committee system which emerged, under either a full-time chairman or a part-time chairman, as recommended by COGP, which recommended a full-time person, has worked very well.

I can go back, and the member can go back, and cite horrible examples of when ministers didn't know what other ministers or their departments were doing. From the point of view of the present Treasurer, that often brought about some ill-conceived and hastily adopted programs which may have made sense but which were not co-ordinated with other government programs, without being specific.

I would say the cabinet committee system which came out of COGP is probably the best accomplishment and was the best recommendation and is the one which has borne probably the greatest success; not only the three committees themselves but the cross-fertilization of committees to policy and priorities and to Management Board, and things just don't happen now without the majority of the ministers or the ministries knowing about them.

Mr. Nixon: You had those committees when you bought Ewardsburgh and South Cayuga.

Hon. Mr. McKeough: There were mistakes made and there have been subsequent mistakes made. I can only speak in a general way. I think the co-ordination of activity is much better than it was five and a half years ago; and obviously, I guess, we should—or Rendall and the members of COGP should—take some satisfaction that that model really was copied by the government of Canada; has been copied, really very closely, by the new government in Quebec and by the government of Alberta; and the government of Newfoundland, to my certain knowledge has that sort of cabinet committee system. That's probably been the biggest plus.

The second plus that I would mention would be the emphasis on—it came out of COGP and will take a few more years to bear full fruit—was the very deliberate recommendation, and the decision by the govern-

ment since then, of letting the managers manage. Ottawa, in appointing a controller general, is going in the other direction; but we are moving away—and Auld can talk about this much better than I can, and will no doubt in his estimates—moving away from complement control to dollars and cents control by Management Board.

Mr. Nixon: What's complement control—numbers of people?

Hon. Mr. McKeough: Numbers of people, simple numbers of people. You have legitimately raised on a number of occasions—I think you specifically—the business that we were holding the co-ordinator of bilingualism to four people and at the same time running out and hiring two consultants. Basically, and this hasn't happened yet, the co-ordinator of bilingualism will be given \$80,000, or whatever the figure is, and if he wants to hire 10 people at \$8,000 or two people at \$40,000, it will, basically, be his decision. Whether he has two people or eight people, or two people and he buys some outside help—and this hasn't all happened yet—it will be the manager's decision as to how that money is spent. It's not quite as easy as I have described it.

Mr. Peterson: Who assesses if he is worth \$80,000 or whatever the figure is?

Hon. Mr. McKeough: Well he has to fit into civil service salary schedules and so on. Rather than bypass the system by going out and hiring consultants instead of taking on full-time staff—which the deputies who manage were guilty of—those decisions are increasingly being made today by the deputy ministers; but as I say, Ottawa has gone in the other direction. I think what we have gone through in terms of complement control has been a good exercise, but I think, ultimately, when you are going to pay deputy ministers from \$45,000 to \$52,000—

Mr. Nixon: Is \$52,000 the top?

Hon. Mr. McKeough: Yes, \$52,000 is the top. Not as good as the president of Ryerson.

Mr. Nixon: Or the former vice-president.

Hon. Mr. McKeough: That's right. You should be letting the deputies do this for the sake of job satisfaction; and I think that over a period of time we shall see some real results; I think we are starting to see them now.

That's the second plus. The third plus, which is more personal to me—and we will probably get into this in the fifth vote to a greater extent—is the co-ordination of our relationships with other governments, and particularly with Ottawa. We had deputy

ministers and ministers running down to Ottawa signing agreements 10 years ago—and there are a couple of notable examples—with no more reference to total government policy, if it existed, than fly to the moon. Today there are damn few things going on in any ministry of the government that that small secretariat under vote 5 doesn't know about; and if there isn't a consistency of government policy, then it's brought to their attention or to my attention and the cabinet's attention.

Mr. Nixon: Isn't that the function of the Premier through a small group within his office?

Hon. Mr. McKeough: Well, you could just as easily put that secretariat in his office if you wanted, and I wouldn't be particularly hung up on that. I think because so much of it has to do with money—

Mr. Nixon: Everything has.

Hon. Mr. McKeough: Everything has; our relationship with Ottawa has a lot to do with money, but I am not hung up on that. I think you could make the argument that the Premier's office should be lean. A lot of the work done by the intergovernment secretariat goes to the Premier's office rather than to us—rather than to me directly. Again, it's the location. I am not trying to slough off employees. I seem to have done a pretty good job on Stevenson, Posen and Greathed tonight, but I would fight to keep them within the ministry for a whole variety of reasons—

Mr. Nixon: And they are not applying for transfer, I understand.

Hon. Mr. McKeough: That redirection of workload has probably been one of the large pluses.

Mr. Nixon: Of course, that was an initiative taken by John Roberts.

Hon. Mr. McKeough: The secretariat?

Mr. Nixon: No. You are talking about "complement" and "quality thereof."

Hon. Mr. McKeough: Oh the quality of it; sure, and of the former Deputy Treasurer.

Mr. Nixon: Well I didn't want to exclude anybody.

Mr. Dick: You sure fixed that one nicely.

Hon. Mr. McKeough: The quality has dropped; things have slipped.

The last point is the size of Treasury. I don't agree with the member for Brant-Oxford-Norfolk; although I would admit my error even if he is not prepared to admit his error. The Treasury is better now than when it was originally conceived.

We made valiant efforts in the last months of March of 1972 to strip things out. Treas-

ury and Municipal Affairs combined, I think, were something over 3,000 people. We moved out, at that time, the assessment function; we moved out the Ontario Municipal Board; and we moved out a couple of other things—which we thought were better located—to reduce the size of Treasury. I thought then that it was manageable.

Hindsight indicates to me that what we have now is much more manageable than what we had before, subject to one qualification: Since that time, since the original move, we have had a couple more large moves. I think it would be fair to say that when I was in Municipal Affairs, the community planning branch of Housing easily occupied half of my time. That was all moved out with Housing. I think that has made the present Treasurer's job easier.

There have been some other things—the movement of most of the regional priority budgets to Northern Affairs was a large move. There are a couple of others. The one qualification that I would add to this is that since I came back into Treasury in January 1975 I have waged an unending war—and won most of it, though not all of it—to get us out of administering.

Mr. Dick: Out of what?

Hon. Mr. McKeough: Out of administering. It took a year and a half; and to further strip the job down, it took—

Mr. Nixon: I'm sorry, I don't understand you.

Hon. Mr. McKeough: Administering things. I'll give you some examples. We had Wasaga Beach within our ministry; that has been moved. We had the Niagara Escarpment Commission within our ministry; that has been moved out. We had project implementation which was beyond the regional priority budget, particularly in northern Ontario; that's been moved out. We have resisted—with the support of our staff, once they found the wavelength I was on—and we have become, to use the economists' jargon, much more macro than micro.

It is fair to say that two and a half years ago we were commenting on most plans of subdivision. We wouldn't comment now, David, on one plan of subdivision in several hundred—if that.

Mr. Nixon: It's the macro subdivisions, like the ones around Barrie and things like that?

Hon. Mr. McKeough: That is a matter of local government. Official plan amendments, unless they think we have an interest we don't get involved. I stress Harbourfront as an example; that was something that the mayor, the chairman and the federal govern-

ment said we should be involved in; we have not become involved in it, and saw no reason to do so. You can go on.

Mr. Nixon: You mean that park? One of your colleagues, if not your predecessors, had an elaborate plan for hanging gardens, remember?

Hon. Mr. McKeough: That's going way back.

Mr. Nixon: That's not so far, you were Treasurer, you were Minister of Municipal Affairs then.

Hon. Mr. McKeough: That's rambling. You and I have both been here a long time—11 years.

Mr. Nixon: You certainly have had a heavy involvement in, small "h", harbourfront.

Hon. Mr. McKeough: No, not me; another minister. You are confusing us with Harbour City, which was Industry and Tourism, never us.

Mr. Nixon: That's what I mean. It was an elaborate, multi-million dollar development down there, just before the election of 1971.

Hon. Mr. McKeough: That was Industry and Tourism.

Mr. Nixon: We haven't heard from it since. [10:15]

Hon. Mr. McKeough: You mention North Pickering—

Mr. Nixon: What have we got in that? It is over \$300 million.

Hon. Mr. McKeough: We will get to that. The Townsend-Cayuga decisions which were taken—and I know you are not being political and you are only interested in how I see the ministry operating—

Mr. Nixon: You can't support those.

Hon. Mr. McKeough: How I see the ministry operating was the thrust of your question. I can only point out that those decisions were all taken prior to January 14, 1975, and that our involvement with it—

Mr. Nixon: Was that the date that Mr. White left the Treasury?

Hon. Mr. McKeough: January 14, 1975.

Mr. Nixon: We are talking about the office and the responsibility. I certainly don't want to descend into personalities.

Hon. Mr. McKeough: I can only ask you, is it workable today? Our involvement in those projects today is only through the Ontario Land Corporation, which is as the banker; which is the same relationship we had through the educational capital aid corporation, through the universities capital aid corporation, we simply are the banker.

Mr. Nixon: Just one point though, those properties were acquired almost by the single, unadvised decision of the Treasurer of Ontario.

Hon. Mr. McKeough: No, that is not true.

Mr. Nixon: Oh well, the record shows that he might have consulted the Premier, but that is not clear. The ministers themselves, including the Minister of Industry and Tourism—

Hon. Mr. McKeough: The question is, how I see the ministry today. I can only tell you that since January 14, 1975—

Mr. Nixon: That is a copout.

Hon. Mr. McKeough: —those kinds of decisions have not been made. We will debate the merits of those things later. If you think those decisions were in error, I can only tell you that those kinds of decisions have been stripped out of our ministry by me, by my deputy; and that we have assumed—again using the jargon—a much more macro role, and we are determined day by day to try and keep out of the nitty-gritty of administering Wasaga Beach, or getting into a land banking program or whatever. We try and sit back and take a longer view, whether it is about the auto pact, whether it is about Quebec, whether it is about our total fiscal plan for next year, or whether it is about tariffs. We try and stand back, and I think we have had some success. Specifically, what I am saying is that we keep out of those day-to-day things, and if I personally have a regret—and we may come to that later—it is that we don't sometimes get involved enough in things that we would like to see happen.

I'll go through the budget process with you whenever you'd like—under the next vote I guess. My concern with the budget was not whether daycare centres were funded or unfunded or to what extent. I have a responsibility towards the municipal portion, but my whole part in the first part of the process which went on in August and September was the bottom line of expenditures; which was 6.9 per cent, which was \$14,-541,000. I regret sometimes that as Minister of Economics I don't get into the allocation of those funds as much as I would like to. I don't even get into them as much as I would like to politically. Basically, that is a job done by the Policy and Priorities Board then by cabinet as a whole, and vetted by Management Board. I am responsible for setting the total target and doing my damndest to hold them to it, with some success. That is what I see our role is now. You specifically have raised whether there should

be a department of municipal affairs, a separate ministry, and I would reject that.

Mr. Nixon: I am not surprised that you would.

Hon. Mr. McKeough: I reject that as thinking which is paternalistic. The municipalities of this province today don't need to have their hands held by a special minister. They really don't. They relate to every ministry of the government at one time or another. Your centralist approach would have them right under your heel.

Mr. Cassidy: Oh no, you—

Hon. Mr. McKeough: Do you want me to finish?

Mr. Cassidy: Go ahead.

Hon. Mr. McKeough: I reject completely, if you are associating yourself with his remarks, the idea that we need some big brother to take the municipalities by the hand around Queen's Park. I reject that completely.

Mr. Nixon: I have never made such a proposal—other than you setting up some kind of a straw man.

Hon. Mr. McKeough: You want a separate ministry—

Mr. Nixon: Through your PMLC, you are considered by those people as certainly—

Hon. Mr. McKeough: Not as paternalistic; they may call me a lot of things, but they don't call me paternalistic.

Mr. Nixon: They call you sir, that's what I don't like.

Mr. Conway: Dictatorial. Does that sound better, Darcy?

Hon. Mr. McKeough: They don't need an old-fashioned Liberal's idea of taking them by the hand to see the Minister of Transportation and Communications and saying, "We really need another \$4,000 for this road, Jim." They are big enough to go to Jim Snow themselves; or they can go to their local member.

Mr. Nixon: I'm glad to know the real Darcy McKeough is still under that pinstripe. You are completely misrepresenting everything I have said.

Hon. Mr. McKeough: We just don't need your brand of centralistic paternalism.

Mr. Nixon: The municipalities have no one here to speak for them except the private members; that's the way they feel and that's the truth.

Hon. Mr. McKeough: Nonsense.

Mr. Nixon: You've let them down—not by being paternalistic but by being dictatorial.

Hon. Mr. McKeough: Nonsense.

Mr. Chairman: Has the member for Brant-Oxford-Norfolk completed?

Mr. Nixon: Don't say I'm finished.

Mr. Chairman: I said "completed."

Mr. Swart: Mr. Chairman, I apologize for leaving but I left to get a letter. I left to get an intergovernmental letter that had been sent by Mr. Charlebois concerning French services in the Welland area. I was unable to find that, but perhaps I can pose a couple of questions, either to the Treasurer or to Mr. Stevenson.

I would like to know, first of all, what your relationship is with Mr. Charlebois. Or have you replaced him?

Mr. Stevenson: No, Mr. Charlebois is the executive secretary of the committee of advisers on bilingualism. So he works for me now, but he's full-time.

Mr. Swart: Next I would like to know what happens when a letter like that is sent. This letter was sent to the MTC by Mr. Charlebois and it condemned in no uncertain terms the lack of the bilingual services in the MTC offices in Welland—the driver examination centre and the licence office. I'm not sure whether you have seen that letter or not.

Mr. Stevenson: Yes, I did.

Mr. Swart: What is the follow-up to that? Does it go to the chairman of the cabinet committee on bilingualism? What happens?

Mr. Stevenson: Mr. Chairman, when that particular letter came in, we got in touch right away with the Ministry of Transportation and Communications adviser on bilingualism, Mr. W. Bidell, the assistant deputy minister, to tell him in the first instance that this complaint had come in, to find out for our benefit just what kind of service, if any, existed in the MTC offices in the Welland area, to see what kind of plans the MTC might have had, to suggest the kind of approach they might take and perhaps to give them an idea of what was available in some other ministries.

I believe Mr. Charlebois himself sat down with Mr. Bidell on that letter. There was an exchange. I'm not sure whether the final reply has gone back to the original complaint yet, but I do know there's been an ongoing discussion with MTC about it.

Mr. Swart: I don't particularly want to deal only with that letter. If the reply that comes back to Mr. Charlebois confirms that there are no bilingual services there—and there are no bilingual services; I know of some instances there whereby French-speak-

ing people, and only French-speaking people, have been totally unable to get the service and what they've asked for has been seriously misinterpreted. When that reply comes back to Mr. Charlebois, is there a letter then that goes from your committee to Mr. Brunelle, saying that this service is not available? What happens from this point on to remedy a situation like this?

Mr. Stevenson: The government approach so far is the provision of French-language services where feasible, with a priority for the areas of the province where there are substantial proportions of francophones—

Mr. Swart: As there is in Welland.

Mr. Stevenson: —and there is a list of a series of counties, starting in eastern and northeastern Ontario, and two or three areas outside of those two heartland areas—the Welland area, the northern part of Simcoe county and parts of Essex county.

Mr. Nixon: They don't want to interfere with autonomy.

Mr. Stevenson: As far as the ministry regional offices and services are concerned, I think the concentration so far has been on the regional offices in eastern and northeastern Ontario. It's not an even picture across the board at all. Some ministries have gone a good bit faster than others.

As you know, the Welland area is one. Because it's a relatively small area inside a much larger English-speaking area, you don't have anything like the French-language capacity in most Niagara Peninsula offices that you would in eastern and northeastern Ontario offices. We're trying to pinpoint right now exactly where the gaps are. At a time of constraint, it's a little tough for a ministry like MTC to add somebody new, but we'll certainly be suggesting to them there is an office where there is a demand; and now when we have a particular complaint where we know there isn't a service, then we'll be pressing them on it. But it is, in the end, a ministry decision at this point.

Mr. Swart: It's totally a ministry decision. That letter, for instance, and other letters of that kind do not go to Mr. Brunelle? He's not aware of that situation?

Mr. Stevenson: I think he is. We send copies of most of these letters for information to Mr. Brunelle. I wouldn't swear to this particular letter, but we've kept him pretty much in touch with areas where there have been complaints.

Mr. Swart: May I just say, and we hope this is being worked out, that the general feeling among the French population is that

the procedures and the complements are pretty inadequate for what is needed in the Welland area.

Mr. Chairman: Would the member for Ottawa Centre prefer to commence or will he wait until tomorrow?

Mr. Cassidy: I have a couple of good questions which I was going to ask. The Financial Post quotes from a woman working in the Treasurer's office. It says: "The day Darcy McKeough became Treasurer of Ontario was the day that the affirmative action program for women in TEIGA collapsed."

Mr. Conway: Chauvinist, not paternal.

Mr. Cassidy: Is it still on the floor, so to speak, or what are you doing to resuscitate it? Do you yourself believe in the affirmative action program, and why are there no women from the senior branches of the ministry here tonight?

Hon. Mr. McKeough: The answer to the first part of the question is yes, and the answer to the second question is that at the moment we have no executive directors who are women.

Mr. Dick: Not executive directors; but it was odd, Mr. Chairman, if I might just observe—

Mr. Conway: Are there any secretaries?

Mr. Warner: Call it affirmative inaction.

Mr. Dick: If I might just make the observation; we just filed the affirmative action report of our own women's co-ordinator in the ministry. In it, which is coincidental with the article to which reference has been made, I had an observation from the women's co-ordinator announcing that the affirmative action program and equal opportunity, were still alive and well and living in TEIGA. She sent me along a copy of the report they'd filed, which does indicate that there's been substantial progress.

I wouldn't be the one to espouse our affirmative action program, but I think, with some assurance, it's considered within the Ontario public service, as far as the civil service is concerned, to be quite aggressive and to have produced a good number—to have almost led in the number of women in the ministry who have gone through our professional ranks and our executive ranks and who have left here to go outside to the private sector for more money in executive positions in industry. At the same time, I find some satisfaction that they've been well trained; they've had good careers here and they moved out and others have come along. The report speaks for itself.

Hon. Mr. McKeough: Let me just give you some of the facts.

Nineteen women in the ministry moved into what are described as positions which formerly had been occupational groups which were more than 60 per cent male.

Twelve of these were hired as economists. That's a job series which is the most common courier path to executive and senior professional jobs in the ministry. Two other women bridged from the clerical to the economist series. A woman was appointed director of the external activities co-ordination secretariat working under Mr. Greathead. A woman was appointed manager of the communications group. A senior woman in my ministry, whom we have just lost, has been appointed to the Ontario Municipal Board.

I guess, you might add to that that I had something to do with the appointment of the chairman of the royal commission on pensions, who happens to be a woman. Totally there has been very little change over the past year in the composition of men and women in executive positions. As of April 1, 1977, there were 34 men and three women at the level of deputy minister to director; as of April 1, 1976 there were 40 men and four women. Our executive positions, of course, have declined and we have lost one woman in that process, and six men.

Mr. Chairman: I guess this is a convenient time to break.

The committee adjourned at 10:30 p.m.

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Cassidy, M. (Ottawa Centre NDP)
Conway, S. (Renfrew North L)
Epp, H. (Waterloo North L)
Gaunt, M.; Chairman (Huron-Bruce L)
Hodgson, W. (York North PC)
McCaffrey, B. (Armourdale PC)
McKeough, Hon. W. D.; Treasurer, Minister of Economics and Intergovernmental Affairs
((Chatham-Kent PC)
Nixon, R. F. (Brant-Oxford-Norfolk L)
Peterson, D. (London Centre L)
Swart, M. (Welland-Thorold NDP)
Warner, D. (Scarborough-Ellesmere NDP)
Wildman, B. (Algoma NDP)

Ministry of Treasury, Economics and Intergovernmental Affairs officials taking part:
Dick, A. R., Deputy Minister.
Honey, C. P., Assistant Deputy Minister.
Maskens, D. W., Executive Director, Administrative Services Division.
Stevenson, D. W., Co-ordinator on Bilingualism.



No. G-2

Legislature of Ontario Debates

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Daily Edition

General Government Committee

Estimates, Ministry of Treasury, Economics and
Intergovernmental Affairs



First Session, 31st Parliament

Wednesday, October 19, 1977

Morning Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, OCTOBER 19, 1977

The committee met at 10 a.m.

ESTIMATES, MINISTRY OF TREASURY, ECONOMICS AND INTERGOVERNMENTAL AFFAIRS (continued)

On vote 1101, ministry administration program:

Mr. Chairman: I see a quorum. Last night, when we adjourned, the hon. member for Ottawa Centre was speaking, and if he wishes to continue he has the floor.

Mr. Cassidy: Thank you very much. I don't wish to take long. Mr. Minister, in view of some of the cautions you have given to the public servants of the province, and perhaps in elaboration of what you had to say last night about the kind of manpower control that you have within the ministry right now, I have had a look at the estimate breakdowns that were given in the briefing book, for which I thank you, and they indicate that the salary levels within the ministry are going to increase by between 15 and 17 per cent per person employed in the ministry; the overall level of salaries increasing about five per cent—and that's related to the kind of controls that you're putting on.

I wonder what that means in terms of your advice both to the private sector and also to the public servants when you have a 16 to 17 per cent increase in pay levels within the ministry?

Hon. Mr. McKeough: There would be no pay increases in these estimates. The pay increases would be in Management Board's contingency fund and as pay increases were authorized or are authorized they would come out of the contingency fund then. There's no one that I know who is getting a 16 or 17 per cent increase.

Mr. Cassidy: The figures indicate that you're having about a 12 per cent drop in the number of employees or the number of man-years which is provided for within the ministry this year, and they also indicate that there's a \$2.6 million increase for salary awards and merit increases.

If you take the reduction in man-years and look at the fact that the salary and wage bill has gone up by five per cent, you come up

with a figure of a 16 to 17 per cent increase in salaries or wages and benefits for each person working within the ministry. Is this wage drift, or have you allowed it to creep, or are you giving merit increases by reclassifying people within the ministry in order to get around regulations that you adhere to publicly related to the AIB?

Mr. Dick: Mr. Chairman, if I might just observe upon it, I'm not entirely certain; we're sharing the same book, but I'm not sure exactly which figures you're at.

In the complement unclassified numbers, together with the amounts of money provided for salaries, as the Treasurer has mentioned, the increase, those that were affected by arbitrations and awards and so on, are carried in the Management Board for all the government and are paid out of that.

The figures that we see here perhaps may be creating some of the problem in that the numbers that we represent here include some vacancies which may not be filled within the period of our total amount of our estimates. In those areas there may be savings.

At the same time, in some of the positions and so on, of course, there are the classification changes that take place and the distribution and the changing of responsibilities, which lead to changes which carry with them increases that are not within the normal AIB guidelines, for instance, the \$2,400 limit and so on, which may be different, which are reflected in some of those salaries.

In the processes of salary administration generally, these are, of course, falling within the guidelines and those will be substantially less than the 15 or 16 per cent which you've extrapolated from the figures.

Hon. Mr. McKeough: I think what the member is referring to is page 4—

Mr. Cassidy: That's right.

Hon. Mr. McKeough: —which shows a \$2.6 million increase, salary awards and merit increases, which on a base of \$15.8 million is obviously more than eight per cent.

Mr. Cassidy: It's about 16 per cent.

Hon. Mr. McKeough: We'll get a breakout of that. This is for two years, because the 1975 October and January increases were late coming in since they went to arbitration, and the

1976-77 figures got into the estimates, and there is no provision for 1977-78. Is that right?

Mr. Cassidy: Mr. Minister, if you look at it another way, though, you have 13 per cent fewer man-years budgeted for this coming year and you're going to pay five per cent more money for those man-years. So that means a 17 or 18 per cent increase for each man-year that you're actually going to use.

Hon. Mr. McKeough: No, I think we're talking about two years.

Mr. Cassidy: No, this is working at it in a different way. I worked at it both ways. I don't think it needs to be pursued any further, except to suggest that that be borne in mind when you are offering advice—

Hon. Mr. McKeough: I am not going to leave it at that. Obviously it is two years, which is a lot less than 16 per cent. The inuendoes are noted.

Mr. Cassidy: Mr. Minister, since you like and delight to make speeches around the province, could you put on the record what your speech writer is paid?

Hon. Mr. McKeough: Which one?

Mr. Cassidy: The one who was mentioned under the administration budget.

Hon. Mr. McKeough: I'll get that figure for you.

Mr. Cassidy: Okay. That is all on that particular section, Mr. Chairman.

Hon. Mr. McKeough: I will also be glad to supply the committee with a complete breakdown of wage increases. My staff and the deputy's staff, being a great number of professionals, probably have received a lesser percentage increase than those in most ministries of the government. A number of them ran into the \$2,400 figure. We probably have more on the senior list, I would guess, than other ministries. To leave the impression that in some way they are avoiding the guidelines or that we are avoiding the guidelines is sheer nonsense. We will put those figures on the record.

Item 1 agreed to.

Items 2 to 4, inclusive, agreed to.

On item 5, information services:

Mr. Cassidy: A question of the minister: As far as government departments at Queen's Park go, TEIGA tends to be better rather than worse than most ministries in terms of trying to make information public. I was interested in what the minister had to say to the federal government at the finance ministers' conference the other day in urging the feds to come up to the standards which you have reached in Ontario.

I was interested as well, though, in reading that particular speech, that you were very careful, Mr. Minister, not to go any further than you are going in your present practice at Queen's Park. You urged that there be quarterly reports. You urged that there be more studies published. But you were not prepared to suggest to the federal government that they unveil all or even anything close to all.

I wonder what your own thinking is in terms of providing more information both to the general public and to the Legislature on the basis on which economic decisions in the province are being based?

Hon. Mr. McKeough: Obviously if I didn't go further, then I have gone as far as I think we should go.

Mr. Cassidy: I wonder, for example, what is your position in terms of the consultants' reports which are occasionally requested or commissioned by the ministry and which, because they come from consultants, cannot possibly contain the kind of sensitive civil service type of advice to you as minister about making those public as a matter of course?

Hon. Mr. McKeough: You would look at each of them on its own merits.

Mr. Cassidy: What is your opinion, in terms of the regular reviews of the economy which are prepared on your behalf by people in the ministry, about making those available in order to have the Ontario view on the economic situation, either as they are submitted or with a short interval, in view of the fact that they are sensitive for a month or two until they have been absorbed by the ministry?

Hon. Mr. McKeough: We don't really prepare forecasts on a regular basis. There is not that kind of documentation around. We do so extensively once a year in the budget. That is the only formal presentation and the only formal presentation I would have in mind at the moment.

Mr. Cassidy: I might say, by the way, that we did have some difficulty in seeking information from the ministry about the estimated actual figures for 1976-77, which is a useful part of the documentation related to the budget. It wasn't that the material didn't come; it came eventually from Mr. Honey, who in fact contacted the deputy minister or the minister while he was on holiday. What was frustrating about that was that a simple request for information had to be cleared at the highest level of the ministry. Is that your practice in general, that requests for information that do fall out of the strict routine have

got to be cleared either with the minister or the deputy?

[10.15]

Hon. Mr. McKeough: No. But obviously in the case of an estimates book which I had not seen and which the deputy had not seen, I think it made sense that the assistant deputy would ask whether we were ready to have it released.

Mr. Cassidy: In view of the fact that that had been prepared in the spring, though—

Hon. Mr. McKeough: No, it had not. It had been prepared in the spring on one basis and re-prepared on the basis of actual figures.

Mr. Cassidy: Fair enough. What I would just like to suggest—and this does not just apply to you, Mr. Minister—is that in general in the government there is a pretty strong tendency to try to choke off the flow of any information which may be available, apart from what you deliberately decide to put out in public. I think that's a very frustrating kind of thing for people who wish to have a reasonable kind of overview of what's happening.

Mr. Swart: I wanted to raise some questions about the discontinuance of publication of the municipal blue book. I am not sure whether they should come under this item.

Hon. Mr. McKeough: Do you want to leave that until vote 1105? We will have the right people up here then.

Mr. Chairman: Any other comments on item 5?

Mr. Peterson: Mr. Minister, you have increased your budget by about 17 or 18 per cent in this area. Can you just speak briefly to the organization of your information services? You have a staff of, what, 11 people?

Mr. Dick: Mr. Chairman, our information office at the present time, under information services, is a revision of what it was a couple of years ago. In the general area of constraints we did reduce the number of the publications and the number of types of services. It now functions with Marion Dempsey as the manager of the office, with the staff as is outlined in the book that was provided to you.

The office now provides more of a supporting service to the individual divisions, which do a good deal more of their own preparation of whatever publications, information bulletins and so on that they might be producing. What we did, in fact, was to disperse some of the work that had originally been done in the largest information branch.

Mr. Peterson: But you have other information services that are not covered in this area.

Mr. Dick: No.

Mr. Peterson: In fairness, now, Mr. Stevenson said yesterday that he has an information officer on staff who comes under his budget.

Hon. Mr. McKeough: It is somebody who is classified as an information officer, I think, who is not an information person in this sense of the word. Is that correct?

Mr. Peterson: Maybe that distinction is too fine for me to understand—

Mr. Stevenson: The information officer in the office of the co-ordinator on bilingualism, referred to yesterday, is a former member of the information branch staff. In her capacity in the co-ordinator's office, she is working for the whole government, basically in an advisory capacity. She has been changed in classification from a public relations officer to an executive officer within the last two or three months, because her work has gone well beyond pure information. And it is not for the ministry.

Mr. Peterson: Are you telling me that with the exception of this particular person, all information services are centralized under this particular administration area?

Hon. Mr. McKeough: Yes. I don't think there is any other information officer attached anywhere in the ministry, and these 11 plus people, plus the 1.4 and the 0.9 people, would be all the information people. When the deputy said that the managers do more of their own work, if there is a press release, it is probably written within the particular branch from which it emanates and then perhaps rewritten by the information people. That's not to say that there isn't some information function in a whole lot of other places. But, basically, other than in the Office of the Co-ordinator on Bilingualism, these would be the only full-time information people.

Mr. Dick: There's one other aspect and it may be adding to the confusion. This is the ministry library. The information services you were discussing, and my comment, were directed to that; the old information branch which we did away with a year or two ago. The information services reference that you have here is the library, the librarian and staff.

Hon. Mr. McKeough: That would be half the staff?

Mr. Dick: I think it's about six and about another five in the library.

Mr. Peterson: Does each ministry have its own library?

Mr. Dick: I believe most of them do. I don't know for all of them, but certainly the ones I've been associated with.

Mr. Peterson: Certainly there's been a lot of chat lately and there's been a study commissioned by the Premier's office into all of the information services in all of the government with a view, I understand, to centralizing to a large measure a lot of these functions. That is my understanding. Is that correct? If that is correct, what is your reaction to that?

Hon. Mr. McKeough: This is something which has been debated for a long time. It takes one back to the whole Information Canada debate.

Mr. Peterson: Surely this isn't a federal problem.

Hon. Mr. McKeough: As a lay person in the field and not in any way a specialist, I would tend to agree with it. I think it has worked reasonably well that all the lawyers in the government work for the Attorney General. I could make the argument, but I don't feel keenly about it, that personnel officers should all work for the Civil Service Commission. The deputy probably wouldn't agree with that. My comptroller of accounts could make the argument that the accountants of the government should work for a central agency, which they don't. They work within ministries.

Specifically, that's the broad debate. If somebody wanted to take over our information branch tomorrow, I wouldn't be upset about it one way or another. Without downgrading what they do, I don't think this is an information branch in the image of some of the other ministries.

Mr. Peterson: How does it differ?

Hon. Mr. McKeough: How does it differ? It does what it says. Particularly, since it's headed by a female, and I don't want to get into that argument again, it's very much of a clerical operation rather than run as a PR operation, if I can put it that way.

Mr. Nixon: Getting out the speech?

Hon. Mr. McKeough: Getting out the speech wherever it is written. If it's my speech, it ends up going through my speech writer and goes down to the information branch to be duplicated, to arrange for translation, if that is appropriate, to get it out to the media, to get it over to the gallery, and that sort of thing. They also do the clipping service and certainly get help, and there is some competence there, in writing a press release or re-writing a press release.

Mr. Peterson: Do they have any direct contact with the public? Does the public phone

in and want to know what you're up to or something?

Hon. Mr. McKeough: One place where they do is in the case of school children who want information about the government and that sort of thing. But most of the calls that come in would be on tax matters or economic planning and would go to the branch.

Mr. Dick: The inquiries that come in from people wanting information about the process that goes on with respect to local government and administration and this kind of thing will go to the information office. They'll get the material and send it out to the individual. When people call, as you say, asking about matters of the application of part of the Retail Sales Tax Act or matters arising from the budget, those inquiries are given directly to the divisions and the branches concerned.

Hon. Mr. McKeough: I don't know whether all ministries have libraries or not. What I do know is that our library still serves Revenue as well—does it? Or do they have their own now? The local government section of that library is probably one of the best in the provinces. It came from the old DMA and it's used. I wander in there every now and then and it probably has its foot between local government, I would think, and Treasury. I can't speak on the tax side, but on the local government side it is very well regarded.

Mr. Nixon: And that's in the Ministry of Revenue?

Hon. Mr. McKeough: No. No. It's in Treasury. I don't know whether Revenue still—No? They established their own when they moved out of the building?

Mr. Dick: Ours is a consolidation of a lot of others.

Mr. Peterson: I'm of the impression that this entire government is sort of information officered to death. There are just hundreds of people running around. I put a question on the order paper a year or so ago asking what the printing bill of this government was. It was \$16 million then. There are just endless amounts of useless paper coming out of this government, and one is always running into walls of these kinds of people.

I am very strongly of the view that PR people, both in business and in government, and information-type people, are useless. It should be handled directly by the people or department concerned. Particularly people who serve in government have an obligation—they're working for the taxpayers—they have an obligation to explain what they're doing to the taxpayer.

It's very difficult for me to be specific and say, "You should eliminate that person, or that person, or that person." But I have a very strong impression that it's not very well organized, and there's a great deal of redundancy, and a great many people running around not doing very many constructive things in terms of contributing to the productivity of this government.

I won't pursue it any further than that, but I am not very happy when I see that go up 18 per cent when others are in a restraint period, when other ministries and other services are being choked back to four, five and six per cent. It seems to me it's one of those areas that probably you could exercise far more discipline in.

Hon. Mr. McKeough: Again I point out there are two-year salary awards there. I don't disagree with what the member for London Centre has said. I can only tell you that it is not true in the ministry which I have the honour of heading.

Mr. Peterson: Maybe you could speak to some of your friends.

Mr. Nixon: Mr. Chairman, I don't know how valuable or interesting this is, but I presume that as members of the Legislature we're on the distribution list for all ministries. Yet all we get from Treasury is, essentially, copies of the minister's speeches, which are very, very numerous. What else do they distribute?

Hon. Mr. McKeough: We would put in the member's boxes any submissions that we're making. I assume you're now receiving a little thing which is being turned out with a blue cover or a green cover once a month, which is on any regional development things happening in the regions. Do you get those? I haven't got one here with me. I think those are being distributed. No? We don't give those to the members?

Mr. Peterson: We get their gossip sheet every week—who died and who didn't die and who said what about everything else—a little summary of all the ministries.

Mr. Nixon: I don't want to be critical—and I'm not—of the minister's speeches, actually, because I don't know of any minister who has made as many specific comments on all these issues. Do you have any idea of how many speeches you've formally made this year? I mean, there's got to be an average of three per week?

Hon. Mr. McKeough: Oh no, I would think two.

Mr. Nixon: An average of two.

Hon. Mr. McKeough: July and August were pretty quiet.

Mr. Nixon: But they're printed on both sides. It's really, a very, very—it's a terrible chore to wade through that stuff.

[10:30]

Mr. Ruston: Just imagine having to give it, though.

Mr. Nixon: And to admit that you've got a speech writer. I hesitate to ask who that person is—and I won't.

Mr. Peterson: Why don't you move that he just gives us the new speeches, Bob? That would cut it down to about one a month.

Mr. Nixon: It really is a tremendous volume of material. My colleague has been talking about these publications. I think perhaps the Treasurer remembers a few years ago when—I guess it would be Mr. Roberts must have given an order to all of his ministers that there were too damn many publications. Many of them were abandoned, and I can remember at the time the statements made about the money that was saved. We certainly have come to the other part of that revolution or the swing of the pendulum, because there are a lot of very excellently gotten-out publications—glossy, four-colour stuff. Only the Treasurer's official—let's say Treasury statements—are embossed in gold, however, with the big imprints. I have often thought if you had a bigger nailfile you could flake off some of that—

Hon. Mr. McKeough: We are the only people who use the old crest, too.

Mr. Nixon: So there's a little touch of conservatism.

Mr. Peterson: You only use that if you go to Ridley, Bob.

Mr. Nixon: I thought that you used good taste in reducing the size of the picture of the minister.

Hon. Mr. McKeough: My picture doesn't appear—oh, in the directory?

Mr. Nixon: Oh, of course it does. Actually I felt that in the budget statements it should have had a more serious mien than the personality picture that we saw.

Hon. Mr. McKeough: It doesn't go in the budget. It goes in the financial statements.

Mr. Nixon: Oh, that's the one with the gold imprint on the front that you can scratch off? Actually the budgetary statements are in my view the most important publications coming out. I would be prepared to say that the copies of the minister's speeches are extremely important. It's a tough job to keep up with, I must say. I don't know how the minister and his speech writer prepare so much of this. As I read them I

find that the style tends to be more McKeough than speech writer, so you've either got somebody who understands your style or you maybe even write some of them yourself, I don't know. I suggest, and suspect the latter.

I would, however, think that somebody—probably in Management Board, and we'll get to that sometime—ought to really be taking a look at these government publications. Because most of them go directly into the wastebasket. You page through them—

Hon. Mr. McKeough: Mimeograph the annual reports.

Mr. Nixon: That's a fact. Maybe we should just mimeograph those things.

Hon. Mr. McKeough: One of the great steps forward, which was completely accidental in my view, came under the new, or the something, rules in which the law laid down that annual reports had to be tabled six months after the end of the year, either calendar or fiscal. I don't know whether you noticed but there was a severe deterioration in quality in June, and there were some mimeographed statements and so on rushing to meet the deadline by the end of June. Which I don't think hurt anything at all.

Mr. Nixon: All that stuff we had this week on university capital aid and those things cannot be said to have been too elaborate in their printings. As a matter of fact, it's very difficult to make out the figures. Maybe that's part of the grand design too. Anyway, I think that when we get around to the Management Board, probably any change in policy ought to come from there. But it's funny that Management Board doesn't really seem to be the powerful unit in inaugurating new cost-saving programs like the old Treasury Board used to be. We'll probably talk about that in another vote.

Hon. Mr. McKeough: I guess we really don't have any publications now. We do not have the annual report of the Treasurer, other than the budget, and the financial report of the province. Those are the two things that are done regularly. Plus—oh, the tax studies which we turn out from time to time, but that is not on a regular basis.

Mr. Nixon: The tax studies are the ones where you do the overview and the comparison of your provincial outlook, say, in forecasting revenues with the federal—

Hon. Mr. McKeough: It doesn't do that.

Mr. Nixon: —forecasting of revenues.

Hon. Mr. McKeough: Yes, well, those things—

Mr. Nixon: He did say yes, didn't he? You do the forecasting of revenues in those—

Hon. Mr. McKeough: This was done after the fact.

Mr. Nixon: Oh. After you found out that they were 10 per cent off.

Hon. Mr. McKeough: The only other thing we turn out regularly would be the quarterly finances and the municipal directory—

An hon. member: And the public accounts.

Hon. Mr. McKeough: —and the public accounts which we're responsible for.

We eliminated a few things a few years ago. The information branch, including the library, was about 25.

Mr. Nixon: Twenty-five what?

Hon. Mr. McKeough: Twenty-five people as opposed to six now in information and 11 in the library. I recall some rather nasty remarks from you about a publication which we have ceased publishing—not on your instigation; it was insight. You complained bitterly that Beckett's picture was all over the front page, or mine was, or somebody's was.

Mr. Nixon: It's funny how you forget those things.

Mr. Peterson: Is there any chance you could take the Minister of Government Services' picture off the telephone book so that you don't have to issue a new one every time you shuffle the numbers?

Mr. Nixon: I have one further question on the estimates. Probably the major publication is the printing of the budget itself—

Hon. Mr. McKeough: Yes.

Mr. Nixon: —which has become a major expense.

Hon. Mr. McKeough: It's very expensive.

Mr. Nixon: What's the distribution? How many of those do you get out?

Hon. Mr. McKeough: Several thousand.

Mr. Nixon: How many?

Hon. Mr. McKeough: Thirty thousand.

Mr. Nixon: Didn't one of the more progressive governments to the west of us sell its budget statement at \$5 each copy? BC used to put out a very elaborate sort of Robert Macaulay-type statement. I think they sell it.

Hon. Mr. McKeough: I'll see if I can get you on the mailing list, if you like.

The most elaborate one now, which comes with a sort of case covering it and with a gold wafer on it, is the Alberta Heritage Trust.

Mr. Peterson: That's our money. It should be nice.

Mr. Nixon: They know how to hurt a fellow.

Hon. Mr. McKeough: Yesterday, a quarterly statement arrived from them, so they want to shove it in four times a year instead of just once.

Mr. Peterson: Just one other thing. How many people do you have to hire on a full-time basis to read \$35,000 worth of publications? You subscribe to periodicals, magazines and stuff like that? Do you have a full-time staff reading those?

Hon. Mr. McKeough: No. A lot of those could be newspapers. I don't know that the library staff does that much reading of them.

Mr. Peterson: The mornings are spent reading papers, aren't they?

Hon. Mr. McKeough: The origin of this would be that the directors might say that they want to subscribe to certain things, and an order would be placed through the library; that is basically what happens, and they are then circulated. I don't think the librarians read them, although, in fairness, the librarian is a very helpful person any time I've talked to her. I urge the members to make use of that library. It's there for them. It's a very specialized library in local government. The members for Welland-Thorold (Mr. Swart) and Waterloo-North (Mr. Epp) should know that there is everything they've ever wanted to know about local government in that library; and the librarian, who came from the Department of Municipal Affairs—I'm putting in a dig—is really very helpful. It's on the ground floor of the Frost Building.

Mr. Cassidy: Mr. Minister, you seem satisfied with the current level of output of information from the ministry. Does that indicate your stand in terms of the possibilities of freedom of information law? How would that work within this particular ministry in terms of information that would then be made available?

Hon. Mr. McKeough: You, obviously, have two opposing points of view in your party. The former Leader of the Opposition (Mr. Lewis), who is a great reader, is saying, in effect, that we're sending out too damned much. I don't know where you draw this line. I really haven't a clue. It worries me. We go over the mailing list from time to time to see if we're sending out too much or too little; and the day we stop sending something out people start asking why we're not sending it; so it's a very hit and miss process. But I don't think there are many things in the Treasury other than a memorandum from staff members to me that is not, sooner or later, finding its way into the public domain.

Mr. Cassidy: Can you explain that? That surprises me because, apart from staff memos, a fair amount of material is prepared. I would have thought, looking at the yields of potential taxes, looking at policies in those fields and looking at economic opportunities and so forth, it just simply stays within the ministry and goes no further.

Hon. Mr. McKeough: Yes, and which I would classify as staff memoranda.

Mr. Cassidy: That's pretty broad. Are you then not in accord with the stand which has been taken by your party at the federal level?

Hon. Mr. McKeough: I am not particularly anxious to publish information prepared by Revenue and ourselves every year—details of all the tax options for next year, reductions, increases and all the ideas accumulated over the course of a year. I don't know that I would particularly want to have that published in one place. There would be several heart attacks around the province.

Mr. Cassidy: What about the research that you have prepared during every election on the cost of the Liberal party's programs?

Hon. Mr. McKeough: It wasn't the Liberal program as I recall—

Mr. Cassidy: I realize that. You weren't very happy with the quality of that. But are you prepared to have that published so that we can look and see the accuracy of your estimates?

Hon. Mr. McKeough: It was published. As I recall, you objected to having it published.

Mr. Nixon: That was give or take a billion.

Mr. Ashe: They don't like to see the facts in print.

Mr. Cassidy: What we don't like to see is trumped up estimates, with no background information—

Hon. Mr. McKeough: I would be glad to debate that figure with you any time. We were really very conservative in our approach.

Mr. Cassidy: Just as you have been with your budgeting over the last—

Hon. Mr. McKeough: We'll get to that a little later. But you should go back—before you make outlandish statements as you did last night—and read the successive speeches over, I would think, 10 years, the speeches of the former leader of the New Democratic Party (Mr. MacDonald) who was really a very good financial critic in his day. He consistently, for 10 years, told us that we were under-estimating our revenues year by year by year, which gives the lie to most of what you said last night. But I won't say that. Just go and read Mr. MacDonald's speeches.

Mr. Nixon: Oh, Mr. Chairman. To be fair, there is no doubt that in the days—we can hardly remember them—when there were surpluses—

Mr. Ruston: That's right. Right on.

Hon. Mr. McKeough: There have been no surpluses in my time.

Mr. Nixon: In those days there was a deliberate under-estimation, so that when the financial report was made in December there was always the good news that things were even better than the Treasurer had predicted. Can you imagine having to cope with the embarrassment of more money than you thought you were going to get?

Hon. Mr. McKeough: I haven't been guilty of having that problem. But the member for York South made to me, as recently as two or three years ago, the assertion that we were understating revenues — understating where the money was coming from.

Mr. Cassidy: What I find is an incredible political pattern in the way in which you estimate your revenues. We'll come to that.

Mr. Peterson: Are you compensating for that by overestimating now? Is that your strategy?

Hon. Mr. McKeough: We'll get to that.

[Item 5 agreed to.

On item 6, analysis, research and planning:

Mr. Peterson: Is this the branch that does all of your forecasting?

Hon. Mr. McKeough: No, I think the brackets here mean management services. I think that's really a better title to it than analysis, research and planning. This is simply our own management services—such as the people who have prepared this book. As will be known to some of you, Paul Hickey is head of this now. It's entirely internal.

Mr. Peterson: Is this the group that prepares the budget, the group that basically glues together all—

Hon. Mr. McKeough: No. They would prepare the budget for the Ministry of Treasury.

Mr. Peterson: An internal operating group, that's what you are telling me? Strictly a management group—no policy functions? Is that what you are telling me?

Hon. Mr. McKeough: Ministry policy, well—

Mr. Peterson: Internal operating—management policy.

Hon. Mr. McKeough: Management policy, not government policy.

Mr. Peterson: And you need 13 people to do that?

Hon. Mr. McKeough: Yes. We have our arguments with Management Board and have to prove our estimates to them; and these are the people who pull that together. Among other things.

Mr. Dick: I was just going to say, Mr. Chairman, they also do a lot of the management services work within the ministry—the systems type of thing, the processing of all the things that we have to do internally through the Management Board with respect to our budget, with respect to our reporting of—

Mr. Peterson: Is this, basically, the function of your staff, Mr. Dick?

Mr. Dick: They function as ministry staff.

Mr. Peterson: But, mostly, does it function directly under you as sort of personal management staff?

Mr. Dick: No. This particular branch is part of the administrative services division, which provides the supporting services for the various operating parts of the ministry. This is where you will find, as well, the various branches—the accounting, supplies, and everything else that goes to help the individual managers in the program areas to do what they have to do.

[10:45]

Rather than each of them individually having their own people doing their own processing of Management Board applications or the budget estimates and the contact with Management Board putting those in place, this is done centrally, as are accounting systems and as are the supply systems, through these individual branches in the administrative division of the ministry.

Mr. Peterson: Basically, it's your unit to get your stuff through Management Board, is that it?

Mr. Dick: It's the ministry's unit for—in this particular case, as part of its duties—looking after all our contact with Management Board, as a ministry of government to the Management Board.

Hon. Mr. McKeough: We also—which inflates our figure slightly, not that much—we also do this for the Economic Council, the Ministry of Energy, the Civil Service Commission and Management Board itself.

Mr. Peterson: Why are you doing the Ministry of Energy through your unit?

Hon. Mr. McKeough: I guess I asked for that when we set up the ministry.

Mr. Peterson: Are you telling me you control Energy's estimates?

Hon. Mr. McKeough: No, but rather than have their own personnel officer, their own bookkeeper and so on, as it's a small ministry, I or Dick Dillon asked Treasury as a central agency would they do it. We do Management Board's and we do the civil service. Who is doing the Ministry of Northern Affairs? Natural Resources, I guess. It makes a great deal of sense. Oh, Transportation is doing Northern Affairs.

Item 6 agreed to.

On item 7, legal services:

Mr. Peterson: How are you charged for legal services?

Hon. Mr. McKeough: How are we charged?

Mr. Peterson: You don't have any lawyers on staff?

Hon. Mr. McKeough: They work for the Attorney General and they look for their career advancement from the Attorney General, but they are paid by us.

Mr. Peterson: You were talking earlier about the efficiencies derived from having a central pool of lawyers and all legal services being carried on by the Attorney General but in fact that is not the case. In fact, they work for you, they give you legal advice; they don't show up at the Attorney General's office do they?

Mr. Dick: Yes, if I might answer, they are seconded. This has gone on for the last few years, but all lawyers in the government service who are on the staff of individual ministries are professionally the responsibility—for their promotion, transfers, fixing of salaries and so on—of the Attorney General's ministry. They are seconded off, in our case, to this ministry, and they are officed in our ministry; we supply the supporting services and so on.

As lawyers, they are part of the Crown law office, and as far as I can see the arrangement is working very well. They are at that office. They have direct contact back to John Hilton, who is the assistant deputy in charge of the common legal services for the ministries, and they relate back and forth to that law office. Really, as we deal with our lawyers they are part of the total Crown law office and that way bring that office to bear in our affairs, and yet at the same time we have them with us so they are there on a constant basis and we use them as we would our own staff.

The other advantage that is built in, of course, is that they have a greater promotional future. They move around. After a lawyer has been with us for a while he might

move off to another ministry to broaden his experience, or go back into the Crown law office and so on.

Mr. Peterson: Why is the budget going up 36 per cent? Are you involved in some serious legal problems?

Hon. Mr. McKeough: No.

Mr. Dick: No.

Hon. Mr. McKeough: Again, you've got two years' salary increases here, and there was a complement increase too.

Mr. Peterson: Why do you have to increase your complement? Are you involved in some complicated legal problems?

Mr. Dick: It's not complicated, it's just the increasing nature of the work. For instance, in the area of tax and fiscal policy we have one lawyer who is very good and whose time is being devoted exclusively to that. He just needed more help, because it is just getting more complex and we are seeking more advice on a lot of the things in the tax and fiscal policy division. Therefore a lawyer was brought in on that. It's just an increasing desire to have more of the lawyer input into some of these things as well as just being the nature of the job.

Mr. Peterson: Do you have a draftsman on staff? Do you draft your own bills?

Mr. Dick: Yes, we do draft them in the first instance. They then work with the legislative counsel's office and the legislative counsel has the final say in revision of it. We do a lot of the drafting of the municipal bills and tax bills with Revenue and so on, which then go to and are cleared finally by the legislative counsel.

Mr. Peterson: What do you pay a lawyer?

Mr. Dick: It varies. Legal officer classifications, range from a legal officer 1 up to a legal officer 8, I believe, at the moment, which takes it through a range—and I'm not even that familiar with the low to the top—roughly, I would think, something from about \$11,000 a year up to a top of probably \$40,000 a year, and those vary within our own branch.

Mr. Peterson: Do you use any outside counsel?

Mr. Dick: Not in our own ministry, sir. If any outside counsel are retained by the government, it's usually done through the Attorney General's department.

Hon. Mr. McKeough: When we want an opinion we would go to the Attorney General, and either he would supply an opinion or he might go outside, but I don't think we have gone outside.

Mr. Peterson: The government goes outside substantially for things like the Ontario Energy Corporation, the Syncrude deal, UTDC; for negotiating their various abortive deals in Venezuela and whatever. The government has a pretty hefty bill outside.

Hon. Mr. McKeough: We don't although I guess we have on some tax matters.

Mr. Dick: And tax reform.

Hon. Mr. McKeough: On tax reform we certainly did, four or five years ago, but I don't think we have in the last two years. Occasionally we have gone to a downtown tax lawyer for one reason or another, but I don't think we have of late, have we? Oh now wait a minute; the one place we do is to certify the debentures, do we not?

Mr. Dick: That's required in the financing committee. You have to have independent counsel to get the opinion.

Hon. Mr. McKeough: Yes, so that's the one place we would; which wouldn't show up here, it's paid by Hydro.

Mr. Nixon: Wasn't there a case involving your letter to the Municipal Board regarding Barrie? Didn't that go before a judge or somebody? How would you put your case there? Was it an in-house lawyer?

Hon. Mr. McKeough: According to the transcript Ian Reid, who works for us, turned up once, and Tom Marshall, who works for the Attorney General, was there when I was there.

Mr. Nixon: Then this \$354,000 would just really be a transfer to the Attorney General's ministry, would it?

Mr. Dick: We carry the amount for the lawyers. In other words, he pays them but we pay what he pays his lawyers. It's carried here in our estimates.

Mr. Nixon: I see.

Hon. Mr. McKeough: One thing I wanted to add on the information services, which ties in with lawyers, which ties in with personnel people and a whole lot of others, is the other side of that story where I said that I guess I would come down on the side of a more centralized information services. The other side of that is the real fear which ministries have of not being able to get a quick service. Our information service is on whatever floor it's on and our own duplicating equipment is in the basement someplace or another. We would resist very strenuously having those people taken out of the building and moved, even into the Macdonald Block; and the printing press being at Downsview, Downsview, of course, would react

violently if it was all going to be done from the Macdonald Block.

So I qualify what I've said. Without being an expert in the area at all, or knowing that much about it, it appeals to me to have a greater sense of professionalism in that area, which might be achieved by centralizing the control of it and the hiring of it, even though it would be seconded to ministries. Again, I would think it has to be on a decentralized basis, that it would work with people right in the ministry. In fairness, even in the law area, where they're all gentlemen, supposedly, I have witnessed some problems—not many—where lawyers theoretically are working for the Deputy Attorney General, and the deputy minister of an operating ministry sometimes feels he doesn't have enough control over people who are working right in his own ministry.

There are two sides to the issue, and even in the area of lawyers, who presumably are more professional than PR people or accountants, there have been a few problems. So before one plunged into what Keith Martin has suggested—and it's been suggested before obviously—there is another side to the story which you might want to explore, I guess with Management Board. Claude Bennett's people have done some work in this area. As I recall, at one point they were more of an advocate of centralizing these services.

Alberta has done it. They don't call it Information Alberta, but they have very much centralized it, interestingly enough, and many people would say for gross political reasons. But they have done it. I think, to my knowledge, out there it's working very well. On the other hand, we are all aware of what happened with Information Canada, which became another layer on top of everything.

My own view is that Information Canada didn't go far enough, and then it disappeared, blew up. Sorry to come back to that, Mr. Chairman, but I wanted to clear it.

Item 7 agreed to.

On item 8, audit services:

Mr. Nixon: Every ministry has internal audit services; or you do it for some of the other ministries?

Hon. Mr. McKeough: Most of them do.

Mr. Dick: Yes, we do it for the ones we mentioned, the smaller ministries.

Hon. Mr. McKeough: I guess everybody has an internal audit now.

Item 8 agreed to.

Vote 1101 agreed to.

On vote 1102, finance program; item 1, Treasury:

Mr. McCaffrey: Mr. Peterson last night talked briefly about the problems as far as borrowings from the Canada Pension Plan were concerned. For one thing, I certainly subscribe to what he said, that this whole question of pension plans, public and private, is going to emerge as one of the great social and political problems, probably in the very next little while. As a related question, I was looking to determine here what relationship there is between the interest paid on moneys the province borrows on the open market and from CPP, teachers' superannuation and OMERS, and I can't find a correlation. Maybe it's just because I don't have all of the information. How do you determine how much you pay when you borrow from, say, OMERS as opposed to the open market?

Hon. Mr. McKeough: Let's get George McIntyre up here and we'll run through those. Do you want Don McColl too?

Mr. Peterson: This is where we're going to discuss the public debt. I hope you can answer better on this one.

Hon. Mr. McKeough: Yes, if we can; and it doesn't necessarily separate this way in the estimates. I thought we could deal with the debt-pension plans, capital aid corporations, Hydro and so on—as one part; and then as a second part the fiscal policy—the budget, the forecasting, tariffs and so on—some of which really, within the ministry, come under the next vote. However, I think if we handle them in this vote it would be better. Then there is a third heading which is really local government.

Mr. Peterson: In that vote too?

Hon. Mr. McKeough: Yes, the transfers to local government are in this vote. There are sort of the three things there—debt, budgeting and local government financing. If you can keep it in that sequence, then we can use the right people. The question is how we set the various rates of interest or how they are set.

Mr. McCaffrey: Yes, the note here at least indicates that in January Ontario Hydro borrowed—whatever it was—at 8.4 per cent in New York. The rest of the information here would indicate that moneys borrowed from OMERS and teachers' superannuation were well in excess of 10 per cent. I just wonder how you arrive at the levels; not so much on the open market as it's obvious how those levels are determined, but how do you deter-

mine how much to pay CPP, OMERS and teachers' superannuation?

Mr. McIntyre: Actually we—

Mr. Chairman: Mr. McIntyre, would you be good enough to identify yourself for purposes of answering?

Mr. McIntyre: George McIntyre; I'm the executive director of the Treasury division.

Mr. Peterson: Just briefly, your responsibilities?

Mr. McIntyre: You might call it the central controller function of the province and also the finance function, as such dealing with financial administration, accounting policies, borrowing, investments; the traditional controller's finance functions in, say, a company structure.

[11:00]

Hon. Mr. McKeough: The economists call him a bookkeeper but he doesn't really like that. Yes, and that very much should be noted. Mr. McIntyre is this year's president of the Ontario Institute of Chartered Accountants.

Mr. McIntyre: Marvellous.

Mr. Peterson: I am surprised you have time for that. You have got so much trouble in other areas, Mr. McIntyre.

Mr. McCaffrey: Is there any truth when they say that an accountant is someone who wanted to be an actuary but didn't have the personality?

Mr. McIntyre: I am really on a sabbatical, I went there without pay. As far as—

Hon. Mr. McKeough: Just on that, and I will speak to that, because there's no question that we are not getting 100 per cent effort from Mr. McIntyre this year. The institute were good enough to come to us and say that they wanted to elect George as the president, that it would take some time away from his work. We considered, as normal employers, that that's the sort of contribution we should make to a professional organization. I don't think, in fairness, the Treasury division, or George's responsibilities within the government, have suffered.

But too often, I think, civil servants are accused of being ivory tower people who are nine to five in government and that's all. This is just an example, which is a good one to put on the record, where senior civil servants—all civil servants—are part of the larger community, and in this case the head of a very responsible professional organization. We are delighted to donate part of his time—although it got a bit rich when they had their annual meeting in Bermuda.

An hon. member: They paid a good speaker, though.

Mr. Peterson: And invited John Turner.

Hon. Mr. McKeough: They invited me to York University.

Mr. Peterson: They have probably read your speeches, Darcy.

Mr. McIntyre: I think the minister thinks I look after the Canadian institute which took Mr. Turner to Bermuda; anyway I have to try and dodge and weave around that for a while.

On the internal, as I call them, fund flows of the various pension plans like OMERS, teachers', the public service, in the legislation we try to come as close as possible to giving them a fair market rate on their moneys. We felt that what we could do, assuming that pension plans go basically for a great deal of time, and hopefully they will as far as the government is concerned, was set up an average market rate based upon last year's long-term Hydro or provincial rates.

We take the last fiscal year and average out a rate. If you will recall, last year it was very high. It was 10 point something, as far as the rate was concerned. That's why you are seeing the large rate this year. Next year the rate will be down to the average of this year, which would be around nine and a quarter. So there's a one year lag.

We used, to a degree, to get some friction from the teachers; with the rates lagging one year, when the rates were small and escalations were going up, they didn't think they were getting the right rate, to a degree. But now they are very quiet because the rates are going down and they are getting the higher rates at this time.

Mr. Nixon: This procedure has only been used, though, for three years, hasn't it?

Mr. McIntyre: It has been used for about four or five years, yes.

Mr. Nixon: But before that it was a fixed low rate.

Mr. McIntyre: A fixed rate, yes.

Mr. Nixon: This is on teachers?

Mr. McIntyre: On the public service as well; and OMERS, right. We had the fixed rates on all of them.

Hon. Mr. McKeough: OMERS was an average rate, I think, right from the beginning, wasn't it?

Mr. McIntyre: I don't believe so. I think it was around six per cent, or five.

Mr. Peterson: Who makes that decision?

Mr. McIntyre: The decision to—

Mr. Peterson: About the rate.

Mr. McIntyre: The rate is decided upon, and legislation defines how it is to be figured out. We, along with say the teachers' representatives, come together—"we" being our finance management branch—to assess the data to see exactly what we experienced in the last year—

Mr. Peterson: What I am trying to figure out is this, and I am sorry but it just relates to your question; the teachers are unhappy, obviously, about—

Mr. McIntyre: No, they are not unhappy now.

Mr. Peterson: Okay, they have been unhappy over the years about the rates, just as some of the other beneficiaries of the funds have been unhappy. So what I am trying to determine is, when it is finally struck, as there is a judgement element when you strike that—

Mr. McCaffrey: That's not true, though. In light of what you said, there is no judgement.

Mr. Peterson: There's no fault now, but there was earlier.

Mr. McCaffrey: I think if we—are we on the same wavelength? Are we talking about what happened five years ago? I'm just curious to know.

Mr. Peterson: There has been a great deal of dissension over this particular issue because they feel they could have generated a higher return in the marketplace.

Mr. McIntyre: There is always a feeling that way, if you can go down the street and see mortgages at a higher rate; they think we should automatically move out of the investments we have now and put it all into mortgages, but when you do that you lose on whatever instruments you've been investing in now. That's a symptom of where they look around to see where they might find a better rate.

Mr. Peterson: Are you telling me that rate is absolutely fixed in legislation, that there is nothing you or the commission can do to alter that? Is that what you are telling me?

Mr. McIntyre: The only thing we do, which is a feature to try to ignore a cost that Hydro has by going to the marketplace, is we add a percentage on top for the underwriting cost that isn't incurred by OMERS, the teachers or what have you. In that way they get a higher basic rate—I think it's an eighth of one per cent we add on—because of the fact there are no underwriting expenses involved in it.

Mr. Nixon: They just sign a piece of paper to get their money into your account.

Mr. McIntyre: That's right.

Hon. Mr. McKeough: A debenture.

Mr. Peterson: What is your relationship with the control of that fund and its disposition? Who writes the cheques on that fund and everything else? Is that the commission?

Mr. McIntyre: The teachers' fund?

Mr. Peterson: The teachers, for example, or OMERS.

Mr. McIntyre: They do and OMERS do, and we encourage them to move it as quickly as they can to us. During the year before we set the debenture rate we actually give them the provincial Savings Office rate on advances they drop into our account.

Mr. Nixon: That's 6¼ per cent?

Mr. McIntyre: At whatever the market rate is at the time.

Mr. Peterson: Do you get advances, say, on a daily basis? Does their fund accumulate? Do they transfer it over to you? How does that transfer work?

Mr. McIntyre: It moves as fast as they would like it to move to maximize their revenue.

Mr. Peterson: Are you telling me there is a daily flow?

Mr. McIntyre: It could be.

Mr. McCaffrey: I have a few more questions. They are very general. There has been a lot of concern about the obvious demographic pattern—

Hon. Mr. McKeough: Just before you go on, I think there were two other parts to your first question. One, the rates, which are set by legislation and then by sitting down and figuring what we or Hydro have paid in the previous year, are Canadian rates. We would not take the American rates or any other rates. It's strictly the Canadian market.

Mr. McIntyre: You are right. It's strictly the Canadian market, because there is a one per cent reduction in the United States.

Hon. Mr. McKeough: And the CPP rate is set by Canada. I don't know whether we argue over it over not, but essentially they set it on a basis—

Mr. McIntyre: It's based upon their long-term borrowing rates, which are starting to move up now. I think in the last month it was 8.77 per cent.

Mr. McCaffrey: Do they go through the same mechanics?

Mr. McIntyre: They have their own market review in which they analyse their

long-term bonds and come back with a rate to us.

Mr. Peterson: The CPP advisory committee is under the impression that you pay about a point and a quarter lower than they could get on the open market. That is factual. I can give you that study. They are not very happy with the rates that they've got back.

Mr. McIntyre: I don't think that's true.

Mr. Peterson: It is true. Believe me, it is true.

Mr. McIntyre: Actually, when you look at a 15-year piece of paper, which it is, and it has a six-month call by the Finance Minister, which probably puts you practically in the hands of the six-month piece of paper, 8.77 is a good market rate. It depends. Right now, we could go to the market at around 9.25 per cent on 27-year money. But the CPP borrowings basically aren't 27-year money. We think it's very short term—

Mr. Peterson: But you haven't even started to refinance that stuff yet. In fairness, you haven't even dealt with that problem; you haven't had to.

Mr. McIntyre: No. I'm just talking about the rate.

Mr. Peterson: That whole problem is postponed until sometime in the 1980s; that's when the holocaust starts. But I am clearly of the impression that they are of the view that it's paying below market or what they could have made in other sources. I read a study by the CPP advisory committee which was of that view. The figure they gave us was one and a quarter points lower than market.

Hon. Mr. McKeough: That's wrong, because Canada only borrows somewhere around 50 basis points better than Ontario or better than Ontario Hydro. It may be a point and a quarter overall.

Mr. Peterson: Overall, that's the story of the last seven years.

Hon. Mr. McKeough: In the case of Ontario, traditionally we have borrowed about 40 to 50 basis points less favourably than Canada. We would make the argument that it's the smaller provinces that have benefited most from the CPP interest rate. What is wrong with that argument of the advisory committee is that the bloody plan would not have come into effect had there not been a provincial agreement. The provincial agreement was that we would borrow the money back at that rate. They're arguing about something which is not within their control. They're crying over spilled milk of 10 years ago.

Mr. Nixon: They're arguing like the teachers used to argue. It was something over which they had no control when they objected to the provincial government taking their money at a rate which they didn't feel was equitable.

Hon. Mr. McKeough: The teachers have never asked us not to do it. They sure aren't now.

Mr. Nixon: No, they're not now; but the government of Canada is not asking not to borrow the money, is it?

Hon. Mr. McKeough: No; but the argument of the CPP advisory committee overlooks completely the basis on which there was an agreement to bring about a Canada Pension Plan.

Mr. Peterson: Understanding that it needed provincial approval, the Ontario position at that time—

Hon. Mr. McKeough: What do you mean by provincial approval? Pensions in this country are a provincial responsibility.

Mr. Peterson: I understand the BNA Act.

Hon. Mr. McKeough: Mr. Lalonde and others have not recognized that fact; and the CPP advisory committee, I would frankly question that whole setup.

Mr. Peterson: The point is that your leader at the time, John Robarts, went into the thing arguing for a pay-go plan probably to get his hooks on this easy money. That's what happened. Had it not been for Quebec at the time, the system would be a hell of a lot worse than it is today.

Hon. Mr. McKeough: That is not true.

Mr. Peterson: Sure it is true. Read the debates; it's absolutely true.

Hon. Mr. McKeough: Canada wanted a social security scheme like the United States.

Mr. Peterson: Obviously it needed it.

Hon. Mr. McKeough: Quebec wanted a fully-funded plan and we found the compromise.

Mr. Peterson: For a partially-funded plan. Quebec, at that point, is the only one, in my judgement—and you can argue this and you probably will—that introduced any sanity into that thing at all. They have probably handled the disposition of their funds a lot better than Ontario has. They've at least been semi-constructive. They've used some portion of that to put it back into the equity in their capital markets.

Hon. Mr. McKeough: If you want government ownership, if that's what you're arguing, then I guess you'd like what Quebec has done.

I didn't realize that you were that far to the left.

Mr. Peterson: I'll tell you that I prefer putting that money back into the free market system, and there are ways to do it. I must say, since we're on the subject—and I'm sorry I'm interfering here—I am very impressed with the thing that your Tris Lett is saying. You're not doing what he's saying, but I think that he's got the forward view.

I'd be very interested in hearing his kind of approach to these problems. He's studied the Swedish system. He's got the models available for getting those funds back into the market system without these tremendous dislocations and without massive government ownership. There are ways to do that.

What you said to me was not completely fair. Your ministry is aware of methods that are available. My very serious worry is how you have consumed damned near every dollar that's been available to you in the last seven years. That's you and that's the Premier; and that is not a function of the late 1970s, that's completely and totally your responsibility. I'm going to be very interested to hear what the hell you've got to say about what you're going to do in 1981, 1982, 1983, 1984 and 1985; how you're going to refinance this. All you've been talking about so far is increasing the contribution rate, which you deny, but there are hints of that and there are threats of doing that.

In my judgement, you're going to have to come up with some very constructive proposals, either about how we put more in and take less out, or something, so that we don't bankrupt this province and this country. In fairness, you're not alone in those problems. Perhaps you may call me an alarmist, perhaps you say these things aren't serious, but I know people who think this whole pension issue and the corruption that's been foisted on this whole system are probably a bigger issue than the energy issue for the future.

[11:15]

Mr. Chairman: May I interrupt my friend from London Centre?

Mr. Peterson: No, please don't interrupt.

Mr. Chairman: I want to make sure that the member for Armourdale is finished. I didn't realize we were going to embark on a totally new trend.

Mr. Peterson: I didn't either. I'm sorry.

Mr. McCaffrey: To the extent that I share the gentleman's concern, I had two other questions. Perhaps part of it's been answered

with reference to Mr. Lett, but I was just going to say that, given the obvious demographic pattern in the country and the trend to early retirement that we face and a prolonged crisis, I think, in this area, is Mr. Lett the one in your ministry—who is doing the—is it ongoing research on this?

Hon. Mr. McKeough: Yes, I think so.

Mr. Peterson: Does he make and fill balloons, or what's his function there?

Hon. Mr. McKeough: No, he's just a senior budget adviser. That particular branch is not one of the more structured branches of the Ontario government. It has two kinds of people, senior budget advisers and budget advisers, and he is a senior budget adviser. They all used to have titles and sub-branches relating to ministers of the government or various fields. They don't have all those titles now, but his specialty happens to be in the area of pensions, which we have fully encouraged.

I'm sorry to interrupt again, Bruce, but I wish that what the member for London Centre is saying he would say to his friends on the Canada Pension Advisory Committee or to his friend Mr. Lalonde, whose whole preoccupation for the last two or three years has been to increase the benefits and ignore the financing problems.

I think it is fair to say that Ontario, certainly through Tris Lett and the people for whom he works, has made a more constructive contribution, or the constructive contribution to date, on the question of the financing of the CPP, and have not just run around like Mr. Lalonde and the CPP Advisory Committee promising a bigger and wider range of benefits.

Mr. Peterson: May I just respond to that, because I'm not here as an apologist for Mr. Lalonde, I don't talk to the guy. You talk to him a hell of a lot more than I do—

Hon. Mr. McKeough: No, very seldom.

Mr. Peterson: —so that's got nothing to do with this discussion here today in the province of Ontario. What's got everything to do with the discussion today is the disposition of those funds that you have had easy access to, and you have provided your own abuses to the system, just as seriously.

Hon. Mr. McKeough: It would be interesting to know just where the University of Western Ontario would have got the money for its expansion if it hadn't come out of the Canada Pension Plan. It would be very interesting to know how the Robarts Library over here would have been built if we hadn't used the money from the Canada Pension Plan. It would be very interesting to know

where the Hospital for Sick Children came from.

Mr. Peterson: I'll tell you, it would be very interesting to know what would have happened to the whole infrastructure in industry today had that money been available to be invested back in private enterprise to build a plant and capital that would make us productive today. You have just postponed the problems. You are talking like a bloody socialist.

Hon. Mr. McKeough: We would either not have universities or we would not have had the hospitals, or we would have had a much higher public debt or we would have had very much higher taxes. You said last night in your remarks—and they couldn't be more wrong—that we're using methods of financing for current consumption. If you think what we're spending at the Toronto General Hospital, which will last for 30 or 40 years, or for—

Mr. Peterson: You're telling me all this money went into capital goods? That's nonsense, that's nonsense.

Hon. Mr. McKeough: What I am telling you is, if you would look at the budget, if you would look at table C-7—and look at it for the last 10 years—you would find that consistently, with the exception of one year to my knowledge, we have spent far more on capital, on mortgages that we lend out to people, on money that we put into land and buildings and things that are permanent, than we have borrowed.

Mr. Peterson: To Edwardsburgh and South Cayuga and all these wonderful projects that you continue to accumulate.

Hon. Mr. McKeough: Look at the statement, look at the statement. I'm not going to make the argument that if we did our book-keeping on a current—

Mr. Peterson: You over-built every hospital and we've got more rooms than we need. All right.

Hon. Mr. McKeough: Oh that's fine, that's fine.

Mr. Peterson: What do you mean, it's fine? It's not very fine at all.

Hon. Mr. McKeough: That's just fine. You tell them at the University of Western Ontario that they're overbuilt.

Mr. Chairman: In the interest of some order, I would prefer if the member for Armourdale would complete his questions. I believe he has another question.

Mr. Peterson: You are not apologizing for the Tories, are you?

Mr. McCaffrey: I would like a comment from the minister, just a statement of opinion or his own personal views, on this whole topic of indexed pension plans, which are available to some and probably have some appeal or intrigue to others, but I think most people recognize would be disastrous in the extreme.

Hon. Mr. McKeough: I agree with what you have said. I would add this qualification, provided they are paid for as you go along, that doesn't necessarily follow. Our own civil service—and this is really Management Board's estimates, rather than mine—our own civil service, with a limit, has an indexed plan but both the employee and the employer are paying in one per cent to pay for that future indexing.

The great problem, of course, is whether that is actuarially going to produce the amount of money which is needed, and that depends on certain rates of inflation. This is a pretty imprecise science, obviously. Where indexing has become a real problem is where it is not being paid for, either by the employer or the employee, at the time that it is happening. This is essentially what is happening to the Canada Pension Plan with the indexing provisions. This is why it is running out so much more quickly.

There are two parts to this that have bugged up pension plan planning. Indexing is one—and probably the more serious one—but the whole question of final average earnings, which was adopted largely in the private sector and then moved into government gradually, also makes pension planning terribly difficult. This is the reason for the large deficiencies in the teachers' superannuation plan, and to a much lesser extent in the public service plan. It will be a potential in OMERS, which up until now has really been a money purchase plan but as of January 1 becomes a final average earnings plan, but both the employer and employee are going to be putting in something extra.

Saskatchewan has gone back to a money purchase plan, which I find fascinating and which is something which we will have to give consideration to, because I don't think we can go on looking at the potentially large deficits. There is also a matter of equity. In the teachers' plan at the moment they are paying in six per cent and the employer is paying in something around 15 per cent. I just don't see the equity in that.

Mr. Peterson: Sorry, the teacher pays six and the employer is paying 15? I thought it was a total of about 15 going in.

Mr. McIntyre: When you take the actuarial deficiency—

Mr. Peterson: That you are responsible for, which is another bloody issue.

Mr. McIntyre: It's an employer cost, I guess.

Mr. Peterson: It's an employer cost, but it's not paid in at that time, it's going to be paid out later because of the actuarial deficiencies, that's what you are telling me.

Mr. McIntyre: No. They are actually trying to write the actuarial deficiency off over a period of time, and those write-offs that are taking place now—if you take the cost of those writeoffs, plus the contributions of the employer, the matching contribution—

Mr. Peterson: The employer being the government of Ontario.

Mr. McIntyre: Yes.

Mr. Peterson: But in fairness, that's not a negotiated amount; the 15 per cent employer contribution is not negotiated. They come back to you every year and say, 'Look, we're this short and in order to be sound we are going to have to kick in an extra percentage.' I was under the impression that the actual legislated contribution was about eight per cent.

Hon. Mr. McKeough: Six and six, I guess.

Mr. Peterson: I thought it was six and seven.

Mr. McIntyre: It was more because of the escalation plan, but it is over in another fund, so you might have thought it was seven.

Hon. Mr. McKeough: Somebody passed up a note here, which is for some clarity, that all provinces get the same CPP rate, which in Ontario is about half a point below our own rate. For other provinces—for example, Newfoundland—the same CPP rate of 8.77 per cent is perhaps three or four per cent cheaper than they could borrow on their own. That's where the point and a quarter average probably comes in, but it is not true in Ontario.

Mr. Chairman: Has the member for London Centre completed his remarks on this section?

Mr. Peterson: I think maybe we have strayed because pension plans were supposed to come under vote 2. According to the Treasurer's schedule he is supposed to be talking about debt. Maybe I will get back to his pension plans in a minute.

Hon. Mr. McKeough: I was really taking all three of those together.

Mr. Peterson: Yes, it is okay with me. What are your plans now on the refinancing of this debt? It is some \$6 billion now, from CPP, something like that. You are going to have to start paying back interest. The best projections are that the fund probably will be bankrupt, or go into a negative cash position, around the year 1990, with a very high contribution right now. How do you anticipate paying that back, particularly in those critical years of 1990 and 1995—maybe I am off in my years—when they are going to be back to you and say, “Hey, you have got to pay back what you have consumed”?

Hon. Mr. McKeough: We would have no trouble—it doesn’t all come due in one year obviously—we would have no trouble going into an open market if that’s what—

Mr. Peterson: I think the studies say that in a very critical five year period it is going to be drained. Am I wrong?

Mr. McIntyre: There is a five year run-out—

Mr. Peterson: A runout about 1990.

Mr. McIntyre: Fairly substantial.

Mr. Peterson: According to the present actuary projections.

Mr. McIntyre: We of course have to have a good plan, well ahead of time, as to how we are going to solve—

Mr. Peterson: So what are you going to do? I want to know.

Hon. Mr. McKeough: We would have—well I don’t know, but in 1990. I assume we would have no difficulty going into the open market.

Mr. Peterson: For probably about \$10 billion or \$15 billion, according to—

Hon. Mr. McKeough: That’s not all going to come due in one year.

Mr. Peterson: Over a five year period, a couple of billion a year.

Hon. Mr. McKeough: Well I think by 1990 we wouldn’t have that much trouble. But I think that’s entirely hypothetical—

Mr. Peterson: I don’t think it is.

Hon. Mr. McKeough: —because I assume some of it is going to be rolled over.

Mr. Peterson: So what you are doing is you are counting right now—your government policy is to refinance that.

Hon. Mr. McKeough: No, no.

Mr. Peterson: You roll it over into debentures? Roll it over into what?

Hon. Mr. McKeough: We assume there would be a roll-over by the CPP.

Mr. Peterson: I am telling you that current projections are there is not going to be anything there. There won’t be anything to roll over.

Hon. Mr. McKeough: Current projections are based on no increase in rates, are based on no increase in benefits; now that we have got those killed for the moment; but if you are asking what the policy is, the policy is in the process of being developed. This is the reason we have been publicly debating this issue for the better part of a year, and a very large part of the reason we set up the royal commission on pensions; we think it will give advice in this area.

Mr. Peterson: Tell me very honestly, do you think I am an alarmist?

Hon. Mr. McKeough: Yes.

Mr. Peterson: You think I am overstating it?

Hon. Mr. McKeough: Yes.

Mr. Peterson: You don’t think it’s a very serious problem? I am surprised that you would say that, in all honesty, because I know of a number of very serious people who are profoundly concerned about this, and I am surprised that you aren’t.

Hon. Mr. McKeough: No. I look at what’s happening in the United States where the contribution rates are now 13 or 14 per cent on a pay-as-you-go basis, with additional moneys being put in by the Congress where that pay-as-you-go system is sky-high and broke. But the United States isn’t going broke in the process.

Mr. Peterson: Is it your plan to push for an increase in the contribution rate? Is that government policy?

Hon. Mr. McKeough: The first thing we have to decide is whether we want to move to a pay-as-you-go plan or move to a fully funded plan, either one over a period of years. That’s the first decision.

Mr. Peterson: Or continue with the sort of partially—

Hon. Mr. McKeough: That’s the second decision. The first decision I think we have to reach is the proportion, in our society, which is to be borne by the state—or the Canada Pension Plan, OAS, GIS—and the proportion to which it is up to the employer or employee to look after himself. I think that’s the first basic question that has to be answered. Obviously—

Mr. Peterson: What are your thoughts on fully funded versus pay-as-you-go?

Hon. Mr. McKeough: My thoughts are very —no, no, the first question that has to be

answered, really, is whether a state plan is going to assume a larger role in pension planning or whether we are going to leave the same amount with the private sector, or an increased role for the private sector. That's the first question that I think has to be answered, the split between public and private. From there, then you move to—

Mr. Peterson: In fairness, you are not in a position to dictate. You are not going to control the private market. All you can do is present your views—

[11:30]

Hon. Mr. McKeough: No, but we can have a heavy influence on the private market.

Mr. Cassidy: What are your thoughts? You're asking questions, but—

Hon. Mr. McKeough: That's exactly what I mean.

Mr. Cassidy: Have you got some thoughts on these subjects right now?

Hon. Mr. McKeough: Sure, obviously.

Mr. Cassidy: Would you care to impart them to us?

Hon. Mr. McKeough: My tentative thoughts would be that I would hope to see a strengthened private sector pension plan scheme, as opposed to an ever larger and ever more dominant Canada Pension Plan.

Mr. Cassidy: What steps are you prepared to recommend or consider in terms of ensuring that the private sector does provide opportunities for people to collect these pensions?

Hon. Mr. McKeough: That's exactly one of the reasons why we set up the royal commission on pensions. First of all, they are going to examine, from an Ontario point of view, which is not necessarily going to be a Canadian point of view but which I hope will have some considerable influence on the debate, that split between public and private sector sections.

From there you go off in two directions. You go off and look at the Canadian Pension Plan and decide whether it's going to be pay-as-you-go or whether it's going to move toward fully funding.

Mr. Peterson: And your thoughts on that subject?

Hon. Mr. McKeough: You're going to look at the benefit levels, which perhaps you've solved in the first part of the equation. You have to consider on the private sector side whether you stand still with the percentage or whether you increase the dependence on private sector pension planning. Then you have to sort out ways to achieve that, which

would be earlier vesting or locking in of contributions, or a whole host of things. That's exactly why we've set up the royal commission on pensions. If I had the answers to all those things, I wouldn't have recommended setting up a royal commission.

Mr. Cassidy: Since perhaps only one-third of the work force is covered by adequate private plans, if that many, what are your thoughts about coverage for those people who don't have that kind of protection?

Hon. Mr. McKeough: That's exactly one of the questions the royal commission is going to have to examine.

Mr. Cassidy: Are you prepared to use the influence of government or legislative authority in order to ensure that the adequate pension is available?

Hon. Mr. McKeough: I'm prepared to look at their recommendations when they become available; and not only their recommendations, but we hope that out of their deliberations and our own deliberations and our own speeches and thinking on the matter there will be a healthy and genuine public debate right across Canada. I wouldn't particularly want to see us moving in one direction and having the rest of the country move in other directions. I would hope that we would be able to again find a Canadian consensus. There's some pulling in the Canada Pension Plan area, but to date there is still a Canadian consensus on the form and shape of the Canada Pension Plan, with some stress.

In the private pension area, I think it's fair to say there is an existing consensus, an existing uniformity of legislation across the country. The Pension Commission of Ontario, without boasting about it, is the pace-setter and the example, in the same way the Securities Commission is, for the rest of the country. That imposes a responsibility, I think, not on me but on the Ministry of Consumer and Commercial Relations and on the government to make sure that the moves we make, both in the securities area or in the pensions area, are genuinely acceptable across Canada if we want to maintain the uniformity of approach which we've had to date.

Mr. Cassidy: You gloss over differences between Ontario and the rest of the country on the Canada Pension Plan by saying that there has been some stress. Wouldn't it be more exact to say that in Ontario's view everybody was out of step but this province?

Hon. Mr. McKeough: No, I don't think so.

Mr. Cassidy: Then on the question of the eligibility of married women who are at

home with children under the age of five; it's correct, I believe, that it was Ontario's veto that effectively scuppered, not just an agreement between other provinces which was unanimous with the exception of this province, but also legislation which had come in at the federal level. Can you state why you did that, in particular in view of the generous remarks you made about affirmative action yesterday? There was some hope yesterday, but I think you dashed it.

Hon. Mr. McKeough: The particular reasons are on record, I would add to it that we want to focus the ensuing debate on the financing of the Canada Pension Plan, which we've been discussing here, and not on just pie-in-the-sky higher benefits which are unfinanced.

Mr. Cassidy: This was not pie-in-the-sky, the cost was going to be extraordinarily small.

Hon. Mr. McKeough: It was agreed to by the ministers of welfare across the country and not by the ministers of finance.

Mr. Peterson: You were quoted—

Hon. Mr. McKeough: We want to effectively move this debate, now, into the area where it should be, which is in the financial area, to see what these things are going to cost before we go out and willy-nilly start raising benefits without regard to the cost.

Mr. Cassidy: Did you have an estimate of the cost of that particular suggestion?

Hon. Mr. McKeough: It wasn't that high, but there were really no great studies done.

Mr. Peterson: You were quoted as saying the reason you did that was just to show that the provinces have clout and to let them not forget that the provinces really run it.

Hon. Mr. McKeough: I would never have said that.

Mr. Peterson: You're quoted as saying that. Did you write a letter to that paper denying that?

Hon. Mr. McKeough: I was obviously misquoted. I wish I had that quote.

Mr. Peterson: You were also quoted at the same time as saying that if they don't behave themselves you're going to pull out and that the possibility is there for the provinces to create their own plans. It that just sabre-rattling or is that a possibility?

Hon. Mr. McKeough: No, I think it's a real possibility.

Mr. Nixon: Are you going to have your own income tax?

Hon. Mr. McKeough: I think we finally got through to Mr. Lalonde—

Mr. Peterson: Jesus, Darcy's a separatist.

Hon. Mr. McKeough: —that this was a matter with which there might be some provincial discussion.

You cut me off before, but the problem with the Canada Pension Plan advisory committee is that it's completely appointed by the federal government to advise on a pension plan which happens to be a consensus of 10 provinces administered by a federal government. Mr. Lalonde would not get that through his head, I hope he has now.

Mr. McCaffrey: Just to keep this thing in perspective; thinking of the federal government, I think of the great contribution that the former Minister of Finance made—if I remember it was something like late last December—in a message to the private pension fund industry in Canada—which monitors all that good union money, about \$35 billion worth of money in this country—he said, basically, that if you can't meet the high performance and the high fully-indexed plans that we can, then we'll take you over. I think the Treasurer of Ontario's response since then has been a hell of a lot more responsible. There's been no leadership out of Ottawa on this question whatsoever. So if it wasn't sabre-rattling, I wish you would make it that.

Hon. Mr. McKeough: Let me respond to just one other point. The member for London Centre asks do I think he is being an alarmist. I think, obviously, the debate has begun, and between now and 1990 we have a lot of time to work it out and to come to sensible Canadian conclusions. If you're that concerned about it now, then I guess I would say you're an alarmist. I would be far more concerned, frankly, as a minister of finance in this country about what's going to happen starting next year with the Canada Savings Bonds. I think that's a hell of a lot bigger spectre on the horizon in terms of the financial problems of this country than refinancing the Canada Pension Plan.

Next year, as you know, is the first year that all of those deferred coupons start being clipped. The roll-over of debt there is \$2 billion next year and then it starts really escalating. I don't want to be an alarmist about that with the 90-cent Canadian dollar, but that would worry me a lot more because that is very imminent.

Mr. Peterson: In fairness, my judgement would be that you should probably worry about the province you control. I'd spend at least the majority of your energies on that, because it seems to me we have just as many problems in our own way here.

Hon. Mr. McKeough: If I've got you to admit that we control the Canada Pension Plan, then my energies have not been wasted in the last year.

Mr. Peterson: I think I understood the constitutional background of that thing; and I read the debates when it was set up because it interests me a great deal. Without getting the argument off track, where I think your critical mistake has been is that you have taken advantage of those funds, a phenomenon of the 1970s. The only argument I've heard is that you've used this all on capital goods, on universities, hospitals and whatever; which are, in most people's judgement, overbuilt. There are some very bad decisions going into that. I have heard in certain speeches you have made that you have said, "We're finished with all that stuff now. Now we can get back to being normal. We don't have to build any of that stuff anymore and we're going to go back just to running a more responsible government." I assume that is the approach you've taken.

It is my view that you have no other option because you have so expended your credit, you have so expended your credibility and you have so expended every available dollar, that you've put yourself into a position which you really can't do it without putting just an absolutely unjustifiable burden of debt on the next generation. You have options. You can increase the contribution rate; which is increasing a tax, a regressive kind of a tax in some ways. That's an option. What scares me, if you do that, is that you'll take that as just another source of easy money. I would never vote for that without very strong conditions about the disposition of the proceeds of that increased contribution rate. That's what scares me about you. When it's there, you take it; that bothers me.

The other option, of course, is increased taxes. It is my view that we are probably at an economic choke point anyway in taxes, and I see nothing in the future except increasing taxes in order to come good with these, to a large measure unfunded liabilities. That applies not only to CPP but to OMERS, teachers' superannuation and various other funds.

Could you either confirm or deny this figure—I have heard or I have read somewhere that we have unfounded liabilities in this province alone, just from your own public sector plans—OMERS, teachers' fund—of probably \$2 billion? Would you agree with that?

Hon. Mr. McKeough: I think that is high.

Mr. McIntyre: It's \$1.3 billion I think.

Mr. Peterson: When was your last reassessment? You just did a reassessment on teachers' superannuation.

Hon. Mr. McKeough: Teachers' and public service.

Mr. Peterson: It is every three years you do that, right?

Mr. McIntyre: It is every three years, although we are pressing for an annual review if we can get one. I think it is more sensible.

Mr. Peterson: Absolutely, in the light of inflation, and in the light of your current projections of economic growth and whatever. You say those liabilities are \$1.3 billion, other people say they are \$2 billion. Whatever they are, where do they appear on your account books?

Mr. McIntyre: They are in footnotes.

Hon. Mr. McKeough: They are footnoted.

Mr. Peterson: They are footnoted, but they appear on no balance sheet, no statement—

Mr. McCaffrey: Those same footnotes are on here for the unfunded liabilities of Stelco and General Motors, are they not?

Mr. Peterson: No. My point is, if you look at the total assets and liabilities of this province, or if you look at the total liabilities, which is more to the point, then you have to add that in, and probably add in a hell of a lot more because that is increasing on a daily basis.

Hon. Mr. McKeough: Not so far as we know.

Mr. Peterson: Sure it is, with these indexed plans.

Hon. Mr. McKeough: Not necessarily.

Mr. McIntyre: There is no actuarial measurement of that process—pay-as-you-go plans—up until now. They have just started this.

Mr. Peterson: What has just started?

Mr. McIntyre: These inflation or escalation funds; they are different funds.

Mr. Peterson: The Treasurer said in his last little statement: "In spite of incredible pressure to come good"—what did you say in your statement the other day?

Hon. Mr. McKeough: I don't know what I said, but there are two actuarial deficiencies—public service and teachers—and whatever they work out to, we have paid in this year \$125 million; \$100 million into one, \$25 million into the other.

Mr. Peterson: So that is a new burden and that is one of the reasons why the deficit is up.

Hon. Mr. McKeough: No.

Mr. Peterson: Sure, it is an obligation.

Hon. Mr. McKeough: No, because we have actually reduced expenditures by \$92 million, including the \$125 million we paid into the pension plans, after we have paid it in. I am not sure we would have cut back as heavily on expenditures if we didn't have that \$125 million.

Mr. Peterson: Had you not had to do it, and assuming you had been able to cut back on the \$92 million because of the other deficiencies in revenue, you still contributed \$125 million to your deficit; that is quite clear.

Hon. Mr. McKeough: I don't necessarily agree with that, and there is no way either one of us can prove it, but had we not been faced with a \$125 million actuarial deficiency I am not sure that we would have cut back on our in-year expenditures this year as hard as we have.

Mr. Cassidy: Could I ask about that? The school boards have now, in effect, been stuck with the responsibility for that actual repayment, because you are saying that part of your transfer—

Hon. Mr. McKeough: Just before we get to that, let me just try and answer the one question. Putting aside for a moment whether it was necessary during the sixties and early seventies to spend the amount of money which we did on provincial infrastructure and municipal infrastructure and hospital infrastructure, assuming that it was necessary to build the universities and the schools and the hospitals and the highways and buy the provincial parks, I am not for one minute saying that in the process perhaps we could have got by with something a little less, but I don't think it is that much.

[11:45]

Many people would claim that it should have been more and many people today would say that there is a line-up in hospital construction, whatever that figure is. The figure for educational capital aid is \$80 million, and I think Tom Wells has requested against that at any given point of some \$300 million, and I am sure there are letters from members in this room saying that a necessary school addition or renovation should go ahead. So although there may have been some money that should not have been spent, there's probably a lot more money which needs to be spent. But there is only so much money in the economy and the \$10 billion that we have borrowed from the Teachers' Superannuation Fund, the Canada

Pension Plan and OMERS, as a round figure, as opposed to what we borrowed from the public, would have had to come from someplace else and we would have had to issue \$10 billion worth of debentures in the market over the last 10 or 12 years.

Mr. Peterson: That does not logically follow. You didn't have to spend that amount either.

Hon. Mr. McKeough: All right, you're disputing that we shouldn't have spent the \$10 billion. What I'm saying is, I think the province would be in one hell of a mess today if we had either taxed that \$10 billion or had not spent that \$10 billion. I look around and see the hospitals and the universities, and the roads and the parks and the provincial infrastructure; the Macdonald Block, the renovations to this building, whatever you want to call capital; the money that we've loaned out in mortgages—our mortgage portfolio is some \$700 million I think, that we have loaned out that way—which have been part each year of our cash requirements, and all I'm saying is that this province would be in one hell of a mess if we hadn't spent that \$10 billion or if we had gone out and taxed for it.

Mr. Peterson: I'm going to respond to that, because I think there are a lot of cases where, for political purposes, you've cut back on your revenues. There was \$500 million in 1975, blatantly political, with very questionable results out of that situation. There's half a billion dollars right there.

Hon. Mr. McKeough: We'll argue that under fiscal policy.

Mr. Peterson: Look at the money that is being dissipated in Hydro, for example, and in our judgement substantially mismanaged.

Hon. Mr. McKeough: No part of that money has gone into Hydro.

Mr. Peterson: I know it's not totally related, but I mean it still should be under your aegis if it isn't. There are all sorts of examples.

Hon. Mr. McKeough: I'm waiting for them.

Mr. Peterson: We've overbuilt the hospitals. In London Ontario you've spent \$42 million building a new one and you never did open 160 beds in the city; they are still sitting there. There's all of these kinds of things. You talk tough but you don't act tough. In my judgement you don't perform in the way you should be performing in these kinds of things.

On your argument about just spending on capital goods in that period—which coin-

cided, coincidentally, with the access to this money—I would suggest this: if you had taken a tough view, if you had said: “Look, we can only spend so much and if we are going to invest in capital, we will go to the marketplace, we will borrow the money there subject to the market disciplines;” money borrowed on the open market is, by and large, treated differently by governments than those moneys borrowed internally, you could pay a little higher price so you’d probably think twice about borrowing it.

Number two, you have to pay that back at the risk of default of a government. With these internal funds all you do is increase the tax rate and jimmy the figures and re-finance the thing. I think that one thing this whole exercise has proven is that governments should be subject to the same kind of market disciplines that every other organization that borrows money in this country is, or should be; that’s where I think the fundamental default was. Frankly, I can’t buy your argument that we needed it all. Why was it only in the last seven years that we needed all these capital items that you’re talking about? It doesn’t cut very much ice with me, to be very frank.

Hon. Mr. McKeough: We’ll be very interested, in the course of these estimates and other estimates, to hear where you would cut out that amount. The figure in table C-8 was \$1,563 million as an investment in physical assets, I’d be very interested to find out how you would cut it all out. What sheer and utter nonsense. I used a figure of \$10 billion and I’m prepared to admit that there is some proportion of that that perhaps might not have been spent.

I mentioned one example alone, where we will spend this year about \$80 million from education capital aid, which money comes from Canada Pension Plan, to build schools in this province, and I know there are requests for something like \$300 million against that. I know there are people sitting in this room who are writing to the Hon. Mr. Wells saying: “We desperately need an addition to that school,” or “We desperately need a new all-purpose room.”

Mr. Peterson: Surely you should understand that everybody wants more money all the time? You knew that before. So what are you doing, copping out saying it’s our fault because we write to you and say: “In your priorities we think there should be a school rather than a hospital,” or whatever? That’s nonsense, and you know it’s nonsense.

Hon. Mr. McKeough: I’m just glad you’re not setting the priorities, because I’ll tell you this province would be in God-awful shape without the investment in physical assets which was made during the sixties and during the seventies when this province was growing in population at a fantastic rate, which it’s not now. There is a time when we can slow down on the investment in physical assets, and in fact we are so doing. What we can do now is start to pay for more of it as we go along. But during the sixties and seventies this province would not have enjoyed the prosperity that it did if we had been going into the market place for better than a billion dollars a year, or taxing for the billion dollars a year.

Mr. Peterson: In the sixties we didn’t run into this kind of problem. This is strictly a phenomenon of the seventies.

Hon. Mr. McKeough: It was true in the sixties, sure it was.

Mr. Peterson: There was a very different mood and tone to the financing at that particular time, very much more conservative and very much more reluctant.

Hon. Mr. McKeough: You’re too right wing for most of us, I’m afraid.

Mr. Peterson: I’m not right wing, it’s not right wing at all. I’ll tell you what the difference is; You’re prepared to postpone your problems because you’re not going to be around here for that long.

Hon. Mr. McKeough: Oh, no! I fully intend to be here.

Mr. Peterson: When responsible people take over the government, they’re going to be carrying the can for all your mistakes.

Mr. Chairman: Are you completed?

Mr. Peterson: I’ll think of some more. Somebody else can go ahead.

Mr. Chairman: Mr. Ashe, then Mr. Cassidy.

Mr. Ashe: Actually, the Treasurer has answered a lot of the concerns that I did have, other than one other area I would like to mention.

Mr. Cassidy: He has?

Mr. Nixon: This has to do with a school in his riding.

Mr. Ashe: Let me say that I think many of his answers and responses were much more rational than some of the questions and concerns and philosophizing that came from the other side.

Mr. Nixon: There’s a subjective judgement.

Mr. Ashe: It may be subjective, but I'd call it objective.

Mr. Wildman: If you're being subjective, you can't be objective at the same time.

Mr. Ashe: I find it very difficult to separate what we're talking about, public debt and pension planning, because we're talking in many instances, which has well been illustrated, of the same number of dollars. I also have a hard time to rationalize how you can argue and be against the increasing cost of the public debt and at the same time say, "We're not paying competitive interest rates; we should be paying more." Those two things don't come together at all.

My one area of concern, that has been expressed by others and has always been mine—and maybe it is my career background before the critical years came—has to do with the Canada Pension Plan and the non-actuarial, literal bankruptcy, that the Canada Pension Plan philosophy and mortgaging of the future youth of this country is going to bring about. I really am still not too clear how much the overall negotiations, that you mentioned, between the various provincial jurisdictions and the federal government will change this philosophy, because we all know, deep down, whether it's the federal government or each of the provinces, that we cannot continue to do it. How much can Ontario say to change that? To me that's extremely important, because we're talking about our children, and hopefully our grandchildren, who are going to have to finance this continually growing deficit of funds.

Hon. Mr. McKeough: This is the problem, which Tris Lett refers to and which ends up in my speeches from time to time, of intergenerational transfers. There's no question that those figures came out in a speech which we gave the other day.

The person who retired on the Canada Pension Plan, now or a year ago, when the 10 years was up had paid in—I've forgotten these figures—he and his employer had paid in, as I recall, something like \$1,000, and actuarially he was going to draw out—I don't know—\$5,000 or \$10,000. In the case of somebody who retired a year ago, we collectively are bearing part of that burden right now.

The burden which our kids and grandchildren are going to have to carry for us, if this is going to be allowed to continue, is enormous; to wit, the fact that in the United States people now are paying in, employees and employers, something like 13 or 14 per cent, and it is not enough to pay the old age

security of those people presently drawing it and there's nothing there for those people when they retire. The demographics which Mr. McCaffrey referred to indicate that's a larger part of the work force, without a larger part of the population in the next 10, 15, 20 years.

Without sidetracking the question, I still think we will basically have to answer, first, the question—and I put it to the royal commission in this way in my language—the degree of dependency which we want to have on public plans as opposed to private plans. My bias is there, and for some of the reasons which Mr. Peterson has mentioned, my bias would be to see more of it going to the private pension plans, and invested by the private pension plans who are the largest shareholders today of many corporations, as opposed to having it go into a state plan.

The Caisse de Dépôt in Quebec are now the largest shareholders of one of our banks and of one of our steel companies. Not just in the present political environment, that would worry me if that were true in Ontario. It worries me more because it happens to be true in Quebec. They happen to have done, by the way, in my view, a very good job of investing, and with a minimum of political interference; although it crops up, because they are called on to buy bankrupt companies from time to time, or companies which other people would not buy. They are shareholders in Bombardier—MLW, among others. It's not a large one, but they have money there. They have a lot of money in Sidbec, I guess. They have a lot of them which are no success story.

Sooner or later, despite the fact of the efficacy of their investments in the TD Bank, a steel company and so on, which have been good, they have probably, under political pressure—and they set it up this way—been a tool for regional development.

However, my bias certainly would be to try to find ways to improve the pension plans in the private sector.

If we get that far, then I think we are going to have a real job, no question. It is not good politics to say that today's people should be paying more to finance today's pension and perhaps a bit of tomorrow's, when basically those people who have already retired on the CPP have been getting very much of a free ride. I don't know that I want to go out and say that particularly, but that is a fact of life.

Mr. Peterson: We are paying two or three times for every job.

Hon. Mr. McKeough: That's about it, yes; which is the problem of intergenerational transfers.

Mr. Ashe: I don't think, really, the minister has got to the real crux of my concern about what part Ontario can play, in your opinion, in changing this. If, for example, the Canada Pension Plan tomorrow decides to go into some other grandiose areas of benefits without worrying about paying for them, can that really be done without the concurrence of Ontario, or alternately how much control does Ontario have in suggesting that we have to bring future benefits in line with income shortfalls that now exist?

Hon. Mr. McKeough: I don't know the answer to that. There is no question we compromised some of our principles getting into the Canada Pension Plan in the interests of a Canadian consensus. What we can do is what we have started to do, which is to air this publicly, which we have been doing for a year; and to take some not politically popular steps, such as exercising our veto for the first time and showing that we have a little bit of muscle.

How much success we are going to have in the next two, three or four years—the royal commission is part of that—I don't know. I think our position is reasonably strong, as the other provinces do look to us in this area for some leadership. I would be optimistic, but I would not be surprised if we ended up with some sort of a Canadian compromise again.

Mr. Ashe: Does Ontario have a veto on all items to do with benefits, to do with revenue raising and change in the relationship?

[12:00] *(The speaker is not heard.)*

Hon. Mr. McKeough: I am not sure it is the fairest one in the world, to be honest about it, but we happen to have a veto be-

cause we are 50 per cent—51 or 52 per cent—of the Canada Pension Plan. That ignores the Quebec Pension Plan. We would be more comfortable, I think, if we could find a couple of other provinces to support us on a total veto, rather than just exercising an Ontario veto.

Mr. Chairman: there was a question late yesterday, or sometime yesterday, about the item in vote 1 about ethnic advertising; which is a misnomer, it's more than ethnic. I think you have all seen these various ads which appeared, I guess in the ethnic press, radio, TV; English, French and native Indian publications. It is something which is done by Industry and Tourism and they know the details of it.

There are some examples of the ads: "Car Repairs can be Expensive"—that must be a current one because it has Mr. Grossman's name on it—"Handicapped People," "New Home Costs," "Housing." Those are all done through Industry and Tourism and then, on a very unscientific basis, charged back to 12 ministries. Our share is \$88,000. I think there have been some in the series about GAINS, as I recall, and about senior citizens and property tax credits. We are one of the 12 participant ministries.

Whether we get \$88,000 worth out of it or not, I don't know—my deputy would say not—but that's the arrangement, that it is split among 12 ministries. However, "ethnic" in the briefing book is a misnomer. It is not just ethnic. It is 312 English weeklies and 90 ethnic publications, and I guess the daily press as well, but it is MIT who really should be questioned about it.

Mr. Chairman: It's 12 o'clock and time for recess. We will reconvene at 1, after lunch. The speakers will be Mr. Cassidy and Mr. Sterling, in that order.

The committee recessed at 12:04 p.m.

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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Treasury, Economics and
Intergovernmental Affairs



First Session, 31st Parliament

Wednesday, October 19, 1977

Afternoon Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

WEDNESDAY, OCTOBER 19, 1977

The committee resumed at 1:17 p.m.

ESTIMATES, MINISTRY OF TREASURY, ECONOMICS AND INTERGOVERNMENTAL AFFAIRS (continued)

On vote 1102, finance program; item 1, Treasury:

Mr. Cassidy: I wanted us to come back to the question of the CPP and Ontario's veto of the federal decision to give an allowance for women who were temporarily out of the work force because of minding young children in the home.

As the minister said, he has put his reasons on the record, but I'm concerned a bit more even now, after listening to what he said, because he has said that his study of the CPP and pension matters generally can go on over a number of years. He mentioned the year 1990 and suggested that gave a good deal of flexibility in coming up with new decisions about the CPP. That would suggest to me that as far as this specific question goes, which is a question related to whether the work force welcomes or doesn't welcome women in it, that he's decided to defer it until that time, if ever.

The minister has already acknowledged that there are certain cross-subsidies within the CPP. He's been saying that this morning in talking about the way in which this sister plan was phased in. It seems to me that when you're looking at government, you have to take a balanced approach and you have to look at a number of different priorities all at the same time. The minister is not doing so, and is neglecting efforts that have been made by other parts of this government to try to improve, or make more equal, the work opportunities for women in the work force because of his particular exclusions.

It is biology that happens to dictate that women bear the children. If the Treasurer wanted to say that this should apply to either males or females who go out of the work force for a period of three or four years to mind very young children, we would welcome that particular kind of amendment, rather than to confining it to women alone. But as it stands, it seems to me that an

injustice is being done and it's yet another handicap for women in the work force who already have enough to deal with without having to deal with the Treasurer.

Hon. Mr. McKeough: Well, we disagree.

Mr. Cassidy: When do you expect to take action, if at all?

Hon. Mr. McKeough: I think there will be an on and off debate about this matter. I think the arguments have all been made, but we also think that this applies to the woman who enters and leaves the work force. It probably applies to the woman who for very good reasons may never enter the work force. She may stay home and look after her parents, or man, for that matter. She may stay home and look after a sick person in her family and never go into the work force.

She is probably as much entitled to that form of income distribution—some people would say more—as a person who enters and leaves the work force. It's true that there is some degree of subsidization in the CPP now. That doesn't mean to say that we go on adding to it.

Mr. Cassidy: It concerned me that the minister had not even seen to it that there was any kind of a study done on the costs. He admits that the costs are small, but then says that they haven't been studied, that they were not studied before Ontario's decision was made to upset what the other provinces—

Hon. Mr. McKeough: I didn't say that. I said the costs were not that large, and I think we have the figures on an estimated cost.

Mr. Cassidy: You do have an estimated cost?

Hon. Mr. McKeough: No one completely knows what they were. At least, they were guesstimated forecasts. As I recall, they weren't that large but we look at it more as a matter of principle than as a matter of dollars and cents.

Mr. Cassidy: It's a matter of conflicting principles, Mr. Minister, because it's a matter of whether women should enjoy equality within the work force or not.

Hon. Mr. McKeough: I think they should enjoy equality whether they are within or without the work force.

Mr. Cassidy: But the attitude that you take, Mr. Minister, when you say that maybe they will stay at home and look after aged parents, or maybe they won't come into the work force at all, simply doesn't square with what is happening with women in the work force today.

It is a very traditional kind of view, and a view which I would maintain is out of date, to think that women would tend to stay home to look after aged parents but that men will not. It is a very traditional view to assume that women, for the most part, will stay at home and not go into the work force because they do. The average woman in the work force now can look forward to perhaps an average of two-thirds to three-quarters of the number of years in the work force, even if she has children, than the average man and that gap is closing very rapidly. For certain women in the work force, they have no choice. They have to work because, otherwise, they have to rely on welfare. They're single-parent families. They have responsibilities of their own to meet.

But you, as Treasurer, seem to confirm that comment that was made about your chauvinism when you say this or when you try to classify women as being a part of the secondary labour force. It seems to me that just makes the whole problem of integrating women into the work force and achieving equal pay for women and achieving equal opportunities much more difficult. An affirmative action program which ensures that women will not be fired at a rate any faster than men in the senior levels of your ministry is surely not enough of an answer to that particular problem.

I want to ask now, Mr. Minister, about the estimates on the exchange losses related to the public debt and particularly related to Ontario's guarantees on Ontario Hydro borrowing in the US, West Germany and in Switzerland and related to the debt which Ontario itself carries on behalf of Ontario Hydro in the United States. The total amount of that debt now is just under \$4 billion. It has increased, in the past year, by about \$400 million because of the increased amount of borrowing.

I wonder if you have an updated figure as of now to bring us up to date on the figures which were put into the prospectus in June when Ontario Hydro was last in the market? At that time, the estimate was that the exchange losses amounted to \$344 million, I believe.

Hon. Mr. McKeough: At the then rate of exchange, if we had to repay.

Mr. McIntyre: If we had to repay it all at the same time.

Mr. Cassidy: What is the current estimate of those losses?

Mr. McIntyre: There's a projection at the present time saying that for every cent of reduction in the foreign exchange rates—say it falls from 95 to 94 or from 91 to 90—that on a yearly basis Ontario Hydro will experience about a \$3 million further loss on foreign exchange through the interest payments that they were paying during that year.

That's the sort of guideline they have, so you can analyse your figures, I imagine, from where they were at that time and add an additional \$3 million to the rate that was in the prospectus. I haven't figured it out. I don't know what it is but I was inquiring as to what that was today so I will have that figure.

Mr. Cassidy: I reckon that it was very close to \$1 million a week with the exchange losses that we've experienced over the past year in terms of additional interest costs which the consumers of Ontario Hydro are going to have to pay because of that foreign borrowing. Is that correct?

Mr. McIntyre: I wouldn't know. Per week?

Mr. Cassidy: Per week, yes.

Mr. McIntyre: No, I wouldn't know.

Mr. Cassidy: That's a bit high but you've had an exchange loss of about 13 cents and on your figures, that's somewhere around \$40 million or just under \$1 million a week. Have you got an updated figure on the gross amount of the exchange loss as it was calculated in the prospectus? Obviously, that is of some interest to investors, otherwise you wouldn't have put it in.

Hon. Mr. McKeough: We won't calculate it again until such time as we issue another prospectus.

Mr. Cassidy: Have you got a figure for that now, Mr. Minister? It's toward the back of that document.

Hon. Mr. McKeough: No, not until we're ready to issue a prospectus—we wouldn't update that.

Mr. Cassidy: The figure that I suggested in my leadoff yesterday was about \$500,000 and clearly, we're in a very vulnerable position.

Hon. Mr. McKeough: That assumes the 90 cent dollar forever.

Mr. Cassidy: Yes, that assumes the 90-cent dollar. That's based on the current value of the dollar.

Hon. Mr. McKeough: I would have some doubts about that.

Mr. Cassidy: Okay. The point is, though, that we have gotten ourselves extraordinarily exposed because of the degree of foreign borrowing which has gone forward. I am sure that somewhere in the minister's speeches he has said that himself. But the fact is that Ontario itself and the governments in general have been the major borrowers in the US market. They have been down there far more frequently and for greater amounts than have private corporations.

Hon. Mr. McKeough: The fact that we are not this year—that provincial governments aren't this year and corporations aren't—probably is having a substantial effect on lowering the value of the Canadian dollar, so I guess we can't have it both ways.

Mr. Cassidy: But the fact is that some of the industrial weakness that we are suffering relates to the very high levels of the Canadian dollar as recently as a year ago. Those very high levels were there in order to sustain the interest rate differential that would allow us to continue to borrow down in the US. Ontario has been one of the major agencies which have welcomed this because we have been very heavy borrowers. The industrial weakness is in part related to that degree of reliance on foreign borrowing. Would you not agree with that, Mr. Minister?

Hon. Mr. McKeough: No.

Mr. Cassidy: I would just say then that our analysis would suggest that that is a major problem and that if you go back in the market in another year or so down there, we get ourselves into increasing difficulties with the level of debt payments that have to be sustained abroad; we get ourselves into difficulty with the differentials in interest rates; and clearly the differentials in interest rates—

Hon. Mr. McKeough: Interest rates are the reason that there have been no difficulties with the differential in interest rates. We have not borrowed abroad to pay more interest. We have borrowed at substantial savings.

Mr. Cassidy: But the interest rates in this country have been kept high in order to permit us to make our borrowing abroad.

Hon. Mr. McKeough: Interest rates would have been much higher in this country if Ontario Hydro or other agencies, other utilities, other corporations, had to borrow that money here—if in fact they could.

Borrowings by Canadians in New York in 1976 were somewhere in the neighbourhood of three and a half or four—

Mr. McIntyre: Three and a half or four billion dollars.

Hon. Mr. McKeough: —and I think the Canadian market could have handled very little of that, other than at very high interest rates, and that would have put mortgage rates out of sight.

Mr. Peterson: It could have been borrowed from these various pension funds, had they not been consumed by government.

Hon. Mr. McKeough: That's true and—

Mr. Peterson: Darn right it's true.

Hon. Mr. McKeough: —we could have gone into the market and borrowed \$1 billion.

Mr. Peterson: Or you could have tailored your spending.

Hon. Mr. McKeough: I am waiting to hear where you would have cut \$1 billion off—

Mr. Peterson: Edwardsburgh is a start. South Cayuga is a start too.

Mr. Chairman: Mr. Cassidy has the floor.

Mr. Cassidy: Yes, I want to join issue with the minister on that. If you look at it on a year by year basis and say, "Well, last year we raised \$3 billion or \$4 billion in the States and if we had had to borrow it here it would have increased interest rates," there is some truth to that. But we have maintained a very high level of interest rates in this country regardless, because of heavy deficits, in particular in the services sector, in terms of debt maintenance, in terms of payments for management, in terms of dividends being paid across the border, in terms of travel account and all of those kinds of things, and then we have gone down to New York and borrowed the money. Ontario Hydro and agencies like that have been the vehicles by which that money has come along in order to balance our balance of payments. And because the balance of payments was in imbalance, we had to have high interest rates in order to attract the funds that we got in from the US.

Hon. Mr. McKeough: I think that's chicken and egg. Interest rates are set by the Bank of Canada and not by the province of Ontario and/or by the government of Canada. When the policy of the Bank of Canada is to have higher interest rates in Canada, then I think prudent borrowers have gone to the States and effectively have left more of this market for the mortgage market and for the private small investor.

Mr. Cassidy: It's what you called chicken and egg though. It's a vicious circle and we have to break it up some time or else we will simply continue to go down the drain.

Hon. Mr. McKeough: Let's start with the Bank of Canada.

Mr. Cassidy: What are the reasons by which we have that deficit on invisibles? What are the reasons by which we have that deficit in other funds flowing abroad? What are the reasons by which we have deficits, or a weak position in our merchandise trade surplus—

[1:30]

Hon. Mr. McKeough: Some people would say government deficits, but I'm sure you wouldn't say that.

Mr. Cassidy: I am suggesting that all of these things work in together, and that you were allowing and condoning those weaknesses to continue because you will not take effective action.

Hon. Mr. McKeough: That's just sheer and utter nonsense and you know it. But the fact is that it has been, I think, greatly to the advantage of the Canadian people, not just the Ontario people—and in fact has been encouraged by the government of Canada and the Bank of Canada—that we do a certain amount of borrowing abroad. The interest rates have worked in our favour and I think ultimately the repayment schedules will work in our favour. The Canadian market simply isn't capable of providing that amount of money. If it were in the opinion of our advisers or Hydro's advisers—and we are really talking about Ontario Hydro now—then I assume we would borrow more here at home. But we think that we are tapping this market to about its limit—prudent limit.

Mr. Peterson: It's because of the figures you provided to me one time—of the total capital market of something like \$19 billion in 1975, \$13 billion of that was consumed by governments at all levels. And so that squeezes it out. And you are part of that problem.

Hon. Mr. McKeough: Well, our billion pales into insignificance compared to the eight or nine at Ottawa.

Mr. Cassidy: You have certain controls over your own operations here in this province, Mr. Treasurer. You can cast aspersions on Ottawa—we would probably join you in doing so—but you are responsible for running this ship in this particular province. And it is not good enough to say because you don't like what they are doing that that justifies what you are doing.

What is the crossover point in terms of the borrowings that Hydro has made, where we begin to lose more because of the exchange rate changes than we were gaining because of a lower interest rate in New York?

Mr. McIntyre: There is a one per cent differential traditionally, although it was two to three per cent for a while.

Mr. Nixon: They were two and three per cent lower than our rate here, is that what you mean?

Mr. McIntyre: Yes. And that gives us a hedge of 10 per cent a point so you are talking on each individual issue you'd have a 10 per cent spread on the foreign exchange swing to assist you in that cushion. On each one you could then look at it and see if there was a 10 per cent swing, then there's been a negative cost reaction to that debenture issue assuming that the rate stays consistent.

I think that is the problem. You can't assume that the rate will stay consistent. We have studies that show that the Canadian rate since 1925 to 1975 over a 50-year period has moved up and down below the dollar rate of the US. So we feel that basically will be just another swing back and forth on that line. We don't think it's a traditional discount for everything.

Mr. Cassidy: In other words, you are suggesting you feel that the level we've reached now is excessively low and it will bounce back. Is that right?

Mr. McIntyre: I'd say that it's historically low.

Mr. Cassidy: At the present level though, where it's about a nine or 10 per cent difference if that level were to continue we would be the losers over all?

Mr. McIntyre: Yes.

Mr. Cassidy: And not make it up at all over the period of the lifetime of that debt.

Mr. McIntyre: Yes.

Hon. Mr. McKeough: For that share of the money which was borrowed above par.

Mr. McIntyre: There was a lot of money borrowed back when the dollar was 92 and they made quite excessive foreign exchange gains on the US.

Mr. Cassidy: But the pattern in recent years, the last four or five years, has been to have small losses on an annual basis; but now they have started to get quite substantial, because of the sharp drop in the dollar.

Mr. McIntyre: I think Hydro has been extending, as you know, the life of its US

issues as far as possible. They are 30-year issues. And I guess that's the problem—one has to figure out what the comparable rates will be 30 years hence.

Mr. Walker: Just following on that. Doesn't Hydro keep some money in the States—earn money in the States and pay with that money some debt retirement?

Mr. McIntyre: Yes, it does.

Mr. Walker: How much of an influence does that have?

Mr. McIntyre: It actually offsets some of that possible foreign exchange gain on the one side by not bringing it back, but at the same time it hedges against a loss on the other side.

Mr. Peterson: You are talking about revenue earned from US sales?

Mr. McIntyre: This is where they will actually borrow money in the United States and leave certain moneys in the States and not bring it home, for coal supplies and what have you.

Hon. Mr. McKeough: It would seem we bought \$600 million—some of it must have come home. In a normal year, I think debt retirements and purchases by Hydro in the States run to \$300 million, \$400 million, \$500 million, and that money never leaves the States. Or it may come home and go back down again in a hurry. But Hydro would present the argument, and fairly so as far as I know, that their effect on foreign exchange is exactly neutral. Because they are required to purchase, and do purchase, several hundred million dollars' worth of coal in the United States every year.

Mr. McIntyre: It's \$200 million to \$300 million, I think, at least.

Hon. Mr. McKeough: Plus some equipment, plus some debt retirement, which has not been that high—\$50 million or \$60 million.

Mr. Walker: I must say I don't follow that argument at all, because that suggests that Hydro is using capital funds to pay for coal supplies.

Hon. Mr. McKeough: No, it is not.

Mr. McIntyre: This was done basically at the time when—

Hon. Mr. McKeough: It's just a stock in cash, that's all.

Mr. McIntyre: —the Canadian dollar was at a premium. The question was brought up by the federal authorities as to "why are you putting pressure on the Canadian dollar?" Many times they would leave the money down there and not bring it back.

Mr. Walker: But does the revenue from their sales stay down there as well?

Mr. McIntyre: I don't know that. I don't know what they do with their revenue from selling—

Hon. Mr. McKeough: The \$200 million, I guess they made last year, they might well leave that down there rather than take the exchange commission twice—bringing it home and then spending it down there buying coal.

Last year, the prospectus says 12 months ending June 30, 1977, coal supplies in the States, \$288 million, 9.7 million tons. And they have some equipment, wire purchases, too, in the States, I think.

Mr. Cassidy: A couple of other questions related to the capital aid corporations. What's our involvement in the Polar Gas project which is being funded through the Energy—

Hon. Mr. McKeough: It's about \$10 million at present.

Mr. McIntyre: That is research and development only.

Mr. Cassidy: Perhaps you would care to comment a little bit more about the Ontario Land Corporation's involvement in Edwardsburgh and Townsend—these trees and so on, Mr. Minister. Are you advocating steps now to sort of dismantle that investment and get rid of it? Is that part of your—

Hon. Mr. McKeough: No. That is a decision that will be made, in the case of Edwardsburgh, by the government but on the advice of the Ministry of Industry and Tourism. We haven't transferred or sold—

Mr. Peterson: Is he aware of it now?

Hon. Mr. McKeough: We haven't transferred title to that land from the Land Corporation to whatever form it may take. As a matter of fact we haven't transferred the North Pickering lands to the North Pickering Corporation, formally. But the North Pickering Corporation and Townsend are both in the hands of the Ministry of Housing, and in the Edwardsburgh purchase, the lead ministry at this moment, without having transferred title, is the Ministry of Industry and Tourism.

Mr. Conway: That being the case, I wonder why it would be in the report yesterday of the Ontario Land Corporation, which indicated that an interministerial report had been forwarded recommending the change to an experimental farm. But the ministries involved are referred to as Agriculture and Food, Natural Resources, and Treasury, as was the case in January 1975.

There's no mention whatsoever of Industry and Tourism—

Hon. Mr. McKeough: I can't explain that.

Mr. Conway: It seems very peculiar.

Mr. Cassidy: In your opinion, Mr. Minister, since it was your predecessor who was responsible for all of these acquisitions—

Hon. Mr. McKeough: No, North Pickering was mine.

Mr. Cassidy: Is it your opinion that these investments will in fact pay for themselves in terms of the province of Ontario?

Hon. Mr. McKeough: Yes, I think so. I think North Pickering certainly will and is needed. Townsend is somewhat slower than we had anticipated, obviously, because of a further slowdown at Nanticoke.

Edwardsburgh; in the long haul we need an industrial site. No one, regretfully, anywhere in the province, is making the sort of large-scale investments which require 500 or 1,000 acres today. If 10 came forward tomorrow who wanted to make those kinds of investments, I'm not sure that Edwardsburgh would be suitable for more than one or two of them and might not stand up to their tests.

We'll simply have to wait until those kinds of investments are being made again in the province, whether by Hydro or the private sector or whoever, and then see if Edwardsburgh is a suitable site. I think we're going to wait a little bit longer to realize a return on that eastern Ontario investment.

Cayuga—

Mr. Sterling: Just before you move to that one, Mr. McKeough, I was just wondering—presently the Hydro committee is looking for sites along the St. Lawrence for a hydro generating station and one of the sites that they have pegged is in the Edwardsburgh land site. They are going to, within the next four or five months as I understand it, narrow those sites down. Do you not think that it would be better to postpone a decision on at least portions of the Edwardsburgh land site from the transfer of responsibility from I and T to MNR until at least this decision has been made?

I also point out that the town of Prescott has made a positive indication that it desires a nuclear generating station in that area, which is rather unusual for any municipality to make with the present fears of that kind of generating facility.

Hon. Mr. McKeough: The answer to your question would be yes, I think that should be tacked down firmly; whether it's for the

whole or part of the property, I think it should be tacked down.

The other side of the story is that the minister—as I understand it—the Minister of Natural Resources (Mr. F. S. Miller) is anxious to get on with silviculture and would hope to use part or all of that site as the nucleus. Really, one of the tragedies, of course, is that Cornwall doesn't have the wood supply that it should. It's coming in from many miles away.

Mr. Nixon: It really is long-range planning.

Hon. Mr. McKeough: No, not with these fast-growing trees.

Mr. Conway: You'll have all of eastern Ontario in experimental farming if you keep your pace.

Hon. Mr. McKeough: DREE have shown a great deal of interest, not specifically in Edwardsburgh, but in doing something about getting a tree-producing industry in eastern Ontario. I'm a little over my head, but that's the other side of the story as I understand it. But the answer to your question is yes.

Mr. Sterling: Is it realistic to have the Ontario Land Corporation responsible for paying interest on money within the terms of your budget on these particular projects, or would it not be better that the ministries responsible for the management of the programs in fact be responsible? I'm somewhat concerned that I and T have not done an adequate job in finding industry for that area, or have not done as good a sales job as they might have. They can look at their management program and the expenditures in that and they might be minimal. The biggest expenditure would be in the Dillon report, which I wish you would table.

At any rate, I would think that if a transfer is going to take place and you're going to transfer all or part to MNR, that's fine. I wish you would transfer the other portion to I and T so that they would be responsible for the interest and so that they would do something positive in developing the area.

[1:45]

Hon. Mr. McKeough: Obviously so would we like to do that and take all or part of it off the books of the Land Corporation. The Land Corporation is set up in a way unlike some investments in land that we have made through—oh, say OHC or through Housing. Much to the chagrin of some I insisted that it be set up the way it is and that it would pay an annual rate of interest. That's interest which we're paying to ourselves. It shows as both the budgetary and its shows here as interest on—Where does the interest show?

Well the \$8.1 million is put in to pay the carrying costs. There may be some capital in there too, I guess, this year. But that's essentially to pay the carrying costs. It comes right back as interest on our investments. But what we do want to show each year—and that's the purpose of the statement yesterday—is what the carrying costs of these very large amounts of land are, rather than bury them.

But the answer to your question is yes, we would like to move these properties out as soon as the form of North Pickering is determined. That would be what we would want to see, so if it goes out as North Pickering Housing Limited, we'll call it, then they would be paying the interest and that would be part of their charges and it would come out of the Land Corporation at that point.

The one that I think we're going to have the most difficulty with over a period of time is probably South Cayuga. I think that's very long range. Now, whether it's wise to go on paying interest to ourselves on it, I'm not sure.

Mr. Conway: Mr. Chairman, I'd just like to reiterate the point about Edwardsburgh and question the minister on it again, because your people are referred to as involved in this interministerial report that's been made. Having regard to the mess that produced Edwardsburgh in late 1974 and early 1975, involving among others the illustrious previous member for Grenville-Dundas, who said, I might say, on that occasion, that "Edwardsburgh was the first step by the province of Ontario to improve the social and economic development in eastern Ontario and to give its residents the same lifestyle as the population of the other parts of the province," when the Minister of Industry and Tourism bare-facedly announced at that time that he knew nothing about what was going on, how could you repeat that situation today? When, for example, TEIGA people were represented in this particular report and the study that led up to it—at least the first stage of the report indicates clearly that there were three ministries involved in the production of that report—I have to ask, since the poor Minister of Industry and Tourism has been hard done by by this situation, how his ministry was ignored yet again in this particular discussion.

Mr. Wildman: He was out of the country.

Mr. Conway: What you will recall was that the people of eastern Ontario were led to believe by the government, not unwise to the reality of the election year, 1975, that this was going to be a showcase for the

industrial development for the future in eastern Ontario. That showcase is now being abandoned less than two years after it was entered into, or certainly less than three years after it was entered into, with apparently no involvement, no recommendations, from the ministry that was involved or charged with the responsibilities.

Hon. Mr. McKeough: I'm not clear on the ultimate decision, if it is finally taken, and I don't think it is.

Mr. Conway: The report has been accepted by the Ontario Land Corporation.

Hon. Mr. McKeough: The Land Corporation, yes, but in terms of the government the ongoing discussion about it is taking place in the Resources Development secretariat, which includes Industry and Tourism. I think really there were two studies done, although the Land Corporation report only refers to one. Correct me if I'm wrong, but the two steps essentially were on the possibility as an industrial site, which was done by Industry and Tourism, and the other report done on the forestry potential which did not include Industry and Tourism. But you'll have to question Industry and Tourism about this.

Our involvement would be in both instances from a regional development point of view; we're trying to get anything we can and encourage anything we can in eastern Ontario.

Mr. Conway: But from a regional development point of view you're prepared to give it up at this point, the showcase.

Hon. Mr. McKeough: I don't think the decision is taken, and I wouldn't put it that way in any case.

Mr. Conway: How would you put it?

Hon. Mr. McKeough: Obviously if you plant trees on it they can be cut down.

Mr. Conway: Well, one would hope so.

Hon. Mr. McKeough: Yes.

Mr. Conway: But that really speaks rather nervously to the economic planning freeze in Ontario.

Hon. Mr. McKeough: We are renting land to farmers at North Pickering. That doesn't mean to say we are not going ahead in North Pickering.

Mr. Conway: But this was the showcase. I mean it is not just your average site. This was the great development.

Hon. Mr. McKeough: It will be when we find an industry to locate there. But you show me anywhere in Canada today, with the possible exception of Alberta, where

anybody is going out and buying 500 or 1,000 acres for a large-scale development.

Mr. Conway: Precisely, and why did your ministry involve itself in 1974 in what was regarded at the time by some of your own people as the ultimate folly? And what kind of planning is that supposed to be?

Hon. Mr. McKeough: If you don't think we are going to get back to the day when people in Canada are going to start looking at 500- and 1,000-acre sites, then we are in real trouble. Well, we are not because that is only your opinion, because they will.

Mr. Conway: I am saying from a regional priority point of view from eastern Ontario you are acknowledging a serious failure.

Hon. Mr. McKeough: Oh, nonsense.

Mr. Conway: And you apparently, as senior planner, have nothing to offer in its place.

Hon. Mr. McKeough: Nonsense. Nonsense.

Mr. Conway: What have you got to offer, other than a few trees, to Edwardsburgh township?

Hon. Mr. McKeough: I haven't got anything to offer anywhere in this country.

Mr. Conway: That is the point. That is just the point. You're the very people who trotted around during that election campaign and this one promising this kind of a showcase and this kind of a performance, and it is just not good enough.

Hon. Mr. McKeough: You show me anywhere in this country where people are making that kind of a—

Mr. Conway: And you had better realize that the people of eastern Ontario want more than your kind of a sop.

Hon. Mr. McKeough: Stop playing politics.

Mr. Conway: You are the one who played politics with this.

Hon. Mr. McKeough: I am not playing politics and you know it.

Mr. Conway: I want to know what you plan to do about it.

Hon. Mr. McKeough: Sheer and utter rot, and you know it.

Mr. Conway: You tell that to the people of eastern Ontario. This was the showcase. You brought 50 people down here at God-only-knows how much expense in 1975 to tell them what a wonder this thing was. You didn't tell Irvine and you didn't tell Bennett. But you'd better tell the people of eastern Ontario what you plan to do about it because it is a farce and it is a sham and it is the ultimate condemnation of a totally ridiculous planning strategy.

Mr. Vice-Chairman: Mr. Conway, that is enough for now. I would like to have Mr. Cassidy complete his remarks.

Mr. Conway: Thank you very much, Mr. Chairman, you are very indulgent.

Mr. Vice-Chairman: I won't be much longer.

Mr. Cassidy: Mr. Chairman, I wanted to go on to economic topics, so if other people have things on these first three items—

Mr. Sterling: Mr. Treasurer, I was going to speak to you about the Ontario Land Corporation and I have made some previous comments about it. First of all I think Mr. Conway's outburst is probably not warranted in view of the preliminary Dillon report, which was a public document. From that original report, Mr. Treasurer, it did show that a good portion of the properties included in the 20,000-acre study by I and T were not really suitable for anything but perhaps silviculture, agriculture, and some other uses than industry. I can see no constructive path that this government can take other than to utilize those lands in some way, rather than leave them fallow as perhaps they are now. I support that a portion of that land be going to MNR.

If you study Edwardsburgh township and the south part of the Grenville county, you find the people in that area have not experienced any substantial growth for 20 years. I don't think, quite frankly, the people are looking for huge, huge increases in industry as it is. But they would like to see some development planning going forward in the area, as they have indicated before.

I have mentioned before that I would like to see the final Dillon report tabled by the Ministry of Industry and Tourism and it is unfortunate that the minister has been out of the country while this issue is being brought up.

An hon. member: That's planning.

Mr. Sterling: I hope that next week we will have an opportunity to speak to him about it. I have no other comments to make and most of my questions were covered in previous answers to Mr. Conway.

Mr. Nixon: Mr. Chairman, the Treasurer indicated that in vote 1102 a number of very important topics, really the meat of the whole of the responsibility of the ministry, would be covered and we have been ranging on a number of them. I want to continue the discussion a bit on the Ontario Land Corporation holdings and the policy of the Treasurer in that regard. I would also like to revert to some comments and questions

about our borrowing policy and maybe he has some ideas on some alternatives.

The Treasurer remembers the original discussions about Edwardsburgh. That thing has been fraught with embarrassment for the government from the very start. He knows that. South Cayuga is an extremely difficult purchase to justify by any extension of the imagination. We've read reports about the thinking of the Treasurer at the time as to why it had to be purchased. He was very conscious indeed that development interests from London were involved in the purchase of the original townsite in Townsend and he wanted to be sure that there was an alternative, so that he could be seen to be dealing at completely arm's length from those people.

I felt, certainly at the time and it's very apparent now, that the South Cayuga acquisition was simply a serious error. The regrettable part that I feel as a member of the Legislature and a strong supporter of the system is that a Treasurer under our organization called TEIGA would have the power to enter into those purchases almost unilaterally.

I'll tell you, the only responsible party left in the government, that shares the responsibility is the Premier (Mr. Davis) himself. The Treasurer dissociated himself last night by saying that since January 14, 1975, that sort of thing doesn't happen. It's a very serious matter that it could happen and that it did happen and the responsibility carried by the government in this connection is extremely heavy, though very few people seem to be aware of it.

Anyway, South Cayuga is sitting there. The Treasurer has said that it will be long term indeed as far as its development is concerned. I don't know what he has in mind, but I suppose one of the alternatives is simply to sell it back to the farmers from whom it was purchased. If he does that it would probably be at less than one third of the cost of the purchase price even that long ago.

The Townsend situation itself and the planning, such as it was, that went into the acquisition, I feel has been seriously disruptive, even in the Haldimand-Norfolk regional area. We'll have an opportunity to talk about the decision to establish a region there. I suppose, under this vote or sometime before we finish the hours that remain in this discussion.

The idea for the power, the planning and the financing power of the provincial government to light in the middle of Townsend township and to build a new city is extremely questionable, particularly when you look at the potential of the communities in the area already there. I don't think the

Treasurer goes into the Port Dover area as frequently as his predecessor did and probably still does, but you can drive down streets in that town which are fully serviced, with lots for sale, and people in the private sector are being subjected to substantial pressures because there just isn't development taking place there.

Still, the government is proceeding with this program for a new city in Townsend. Of course, this decision is the responsibility of the Minister of Housing (Mr. Rhodes), but it essentially resides with the Treasury. The original concept came from the Treasury, using the powers that are still with the Treasury, not only to acquire land but to act as the chief planner of the province to go with this concept of new cities.

I believe that the original concept was a mistake and it was very much associated with John White; the idea that if we're going to have alternatives for people to live without somehow ordering their lives in a way which would be unacceptable to anybody in the community was simply to ignore the communities that were already there and start with an approach to new cities.

[2:00]

You can go to the communities that are already very close to the area, such as Waterford and Delhi, Cayuga, Caledonia, which already have substantial services in place—infrastructure, your advisers would probably call it. The roads are built, they're served by railway lines, the schools are built and have plenty of room in them—this is a problem that is expanding and continuing—the arenas are there, the hockey clubs are organized, there are serviced industrial sites in most of those communities, and still the government comes in and says we are going to purchase these large areas of land, we are going to carry them on the books of the Ontario Land Corporation, pay ourselves interest to show how business-oriented we are, and still have basically made decisions which are disruptive to the community and certainly expensive to the taxpayer. I think the minister may be aware—maybe he's not, maybe the Minister of Housing would be the only one who is aware—of the strong local reaction to the continuing government plan to establish a new city in the area. The reaction in the community is something that should be considered.

I wanted to say something about that but maybe I should just ask directly: Does the Treasurer agree with the statements of the time put forward by his predecessor that in terms of macro-planning that that's what you do—that we should have these new cities established in the area of Haldimand-Norfolk for this new town?

Hon. Mr. McKeough: Yes.

Mr. Nixon: How do you respond to the position put forward—and I consider it a reasonable position in the towns that are already established and have a substantial potential for growth—that they can't compete with the government if they intend to go forward with this new town, and that they will be left with this growth potential unfulfilled and all the additional costs that go along with it?

Hon. Mr. McKeough: I can't debate this with the member because this is the responsibility of the Minister of Housing. You might also want to debate it with the Minister of the Environment (Mr. Kerr). But my understanding is that Housing—on the basis of their studies and population projections which have not yet come about and are certainly delayed—and Environment—on the basis of similar studies—feel that there is an upper limit to Simcoe-Port Dover, but Simcoe in particular, of—I've forgotten the figure but it's a 20,000-some-odd people; 28,000?—because that river cannot take any more. You could very quickly, if you didn't have Townsend, use up the 28,000 and unless there is some new technology then Simcoe would be halted.

The Minister of Housing and the Minister of the Environment feel that a more gradual growth towards that 28,000 would be preferable. The only way that there is going to be growth in the communities of Jarvis and Hagersville—I may have the wrong ones but the ones north and east—

Mr. Nixon: Jarvis, that's right.

Hon. Mr. McKeough: —is to get pipe services to and from them and the most economic way of doing that will be to get on with servicing the Townsend site and then go on up.

Mr. Nixon: Oh no, you come past Jarvis before you get to Townsend.

Hon. Mr. McKeough: Okay. That's my understanding of his arguments, agreed to wholeheartedly by the Ministry of the Environment. I have only been very peripheral to those discussions. So when I give you the answer yes, it's predicated on those facts.

Mr. Nixon: There are other areas in which this can be discussed but I certainly wanted to bring your attention to my feeling which is—

Hon. Mr. McKeough: Housing and Environment.

Mr. Nixon: —held very strongly indeed that the acquisition of the land was not really reasonable—I don't even think it was rational at the time—and that the govern-

ment policy then has been completely dislocated by that original serious error. The same is true of Edwardsburgh. There is just no doubt about it. I can't expect you to admit that, but I believe that it was those original mistakes that have dislocated your function as the so-called macro-planner in a very serious way.

Hon. Mr. McKeough: I would only again comment, which is music to my friend's ears, that those were decisions taken when I was not in the ministry. I think what you should be doing is examining these estimates to see what role I have to make these kind of decisions in the future.

Mr. Nixon: Except that you were running a ministerial apparatus which gives you precisely the responsibility that was held by the minister before January 1975. Unless some change takes place, which we firmly and devoutly pray for and expect, your successor, if there ever is one, will have the same apparatus and probably the same advisers at his disposal.

Hon. Mr. McKeough: No, they are changed.

Mr. Nixon: Once every 27 years? No, I've got great confidence in the advisers. I just have a feeling that sometimes their advice is not heeded, perhaps, in the way it should be.

I would like to go to another subject that has already been covered, but since we're not doing this item-by-item I didn't have a chance to say anything about where your borrowed funds are coming from, particularly these pension funds. Another source which hasn't been mentioned, and it probably is relatively unimportant, are the funds on deposit at the Savings Office, for which you pay six and a quarter per cent today.

Hon. Mr. McKeough: Possibly.

Mr. Nixon: I suppose that's dictated by the banking community which wouldn't stand for untoward competition. But it seems to me you are getting those funds very cheaply indeed, and you might be able, as an alternative, and to keep your banking friends calm, to do what the province of Quebec has done with some success. That is, tap the savings of the people of this province and the confidence that they have in the general structure of government in Ontario, to sell them some provincial bonds. You might even do a bit better for them than six and a quarter per cent, and a bit better for you than what you have to pay from certain other sources.

You've already mentioned obliquely the problem that the government of Canada may

have next year when they start rolling over some of those savings bonds that they sold in the early seventies. Of course, those people who were fortunate enough to hold them will find that the interest payments themselves are heavily taxable and that the government isn't perhaps in the precarious state that some people nervously refer to. I don't want to get off the point. I think we are missing what I hesitate to call a good bet.

Hon. Mr. McKeough: I think there are a lot of farmers in that category who have exceeded the \$2,000 interest—

Mr. Nixon: I see.

Hon. Mr. McKeough: Those of us who aren't farmers are not that worried about—

Mr. Nixon: I see that McKeough Toilet Bowl Company—no, whatever that is—grossed \$5 million last year. I was just—

Hon. Mr. McKeough: I read that too.

Mr. Nixon: I wonder what your portfolio shows in respect to that or whether you're worrying about those heavy payments from the government of Canada.

But whether or not you've got confidence in their ability to repay, I'm under the impression that the savings in this province are at an all-time high, and that the bank interest rate that they pay on deposits has plummeted. It seems they have resisted the feelings of the banking committee in Ottawa that they ought to be calculating their interest on a daily basis.

I wish that the Ontario Savings Office would lead the way. You've got computer capacity that would probably enable them to calculate the interest on deposits hourly. But I wish you would give the lead in this, because you're not giving the people who are depositing in the Savings Office the kind of breaks in this regard that I believe they should have.

I wish that you would just get ahead of the banks a little bit—make them worry a little bit. The Bank of Montreal is running a raffle; they're doing all sorts of things to bring in business. I feel that for the people who are saving money here we could do more for them. But, specifically, you could tap a tremendous source of investment capital and it could be sold on the basis that the people are saving money here and investing in the capital of this province. I don't want to go too strongly on the confidence they might have in that, but they know that whatever happens there are those around who can clean the thing up if need be.

I would suggest that you could probably do something that would be useful, imagina-

tive, advantageous for the taxpayers in more ways than one, and I wonder if you've considered it and if you agree with me that we ought to do it? The federal government is offering 8.08 per cent on the money we are prepared to give them.

Hon. Mr. McKeough: I would really hate to see anybody else get into the savings bond area. I'm serious about this. I think it's a real problem. I don't think the government of Canada did it intentionally. I think the thing has snowballed and that somebody at some point—it worried people five or six years ago that there was this amount of money which was outstanding which could be cashed in a day—highly unlikely, but that was worrisome.

What has compounded this now, of course, is that somebody seven or eight years ago had the idea of leaving coupons attached with the bonus feature at the end taxable, albeit—and I would hate to see anybody else get into that field. I guess perhaps in hindsight we should have got into it before they did, but we didn't. In terms of that kind of readily cashable security, I think the market is pretty well taken up now.

To put it in perspective, there's about \$300 million on deposit in Savings Offices now. By the way, this is the Ministry of Revenue, except I have the use of the funds—but it is the Ministry of Revenue rather than me.

Mr. Nixon: You would certainly tell them what percentage they could pay on that money.

Hon. Mr. McKeough: No. They set that and they set it—

Mr. Nixon: They're well known for their independence in all those areas.

Hon. Mr. McKeough: They used to—

Mr. Nixon: Who is the Minister of Revenue?

Hon. Mr. McKeough: The Minister of Revenue (Mrs. Scrivener) might not agree with this, but Ministers of Revenue become very attached to POSO—Province of Ontario Savings Office. There is this custom that they are great believers in the private sector, but the day that they become Minister of Revenue they become terribly attached to the Savings Offices.

However, we used to get more complaints, I think, than we do now from some of the other deposit institutions. We get fewer now because the thing I think is so confused—but we still do. Credit unions have raised this with me. The banks do on an annual basis and trust companies, perhaps more than anyone else, say that what we are doing is un-

fair competition—six and a quarter per cent; we are also providing chequing facilities. What Savings Office did for a long time, and they now move more quickly—but they were always quick to adjust their rates upward but were awfully slow to adjust their rates downward.

Mr. Nixon: I thought it was just the other way.

Hon. Mr. McKeough: No, they—

Mr. Nixon: There was a time when I used to be a small depositor in POSO, or whatever you call it, and I can remember seriously thinking of taking out my deposits and putting them in one of the banks over on the corner which was getting on that high interest bandwagon. Six and a quarter is what you get anywhere, at any bank, now.

Hon. Mr. McKeough: Not with chequing privileges. If you look in the Globe, when does it run? Once a month—I guess it runs in other places too—

Mr. Nixon: Credit Foncier.

Hon. Mr. McKeough: That great long list of what deposit institutions are paying. You really would have to be a lot better than I am, and a lot better than most people, to figure out which is the best deal, because there are a thousand and one variations of all the same thing. The interest rates of GICs and Savings Offices and credit unions are all compiled in that list and you really wonder. What I'm saying is that we would have the feeling, and I would have the feeling, that Ontario citizens are pretty well served by deposit-taking institutions, and that there is good competition on the rates which are being paid. If anything, I would put Savings Offices on the high end of what was being paid. I can only judge that by the number of complaints that we got from others.

I'm not saying this about lending institutions, but on deposit-taking institutions—you know, every four corners—even St. George probably has—

Mr. Nixon: We have one.

Hon. Mr. McKeough: Just one? Where you can deposit your money?

Mr. Nixon: My "bank to a million Canadians."

Hon. Mr. McKeough: We are well served. For you, the credit union in Brampton would probably send out a truck to take your cheque in.

Mr. Nixon: It's run by socialists.

[2:15]

Hon. Mr. McKeough: I have to come back and agree, against my better judgement, with the financial critic, your colleague, from London Centre. I am not really looking for

ways to make it easier, as a matter of philosophy, for us to borrow money. There is some element of truth today—I'm not going back over that whole argument—that it has been relatively easy for the province of Ontario to borrow money, and we're not particularly looking for new sources of money, but what we do, from time to time, frankly, as we have done with OMERS, where we moved out—one-third of that they're investing themselves now, two-thirds they invest with me—

Mr. Peterson: Isn't that socialism, government pension plans invested in the private market? Isn't that the socialist view?

Hon. Mr. McKeough: OMERS? Oh, no, OMERS is moving out.

Mr. Peterson: You're telling me that it's now investing some percentage of that back in the marketplace.

Hon. Mr. McKeough: It's investing that in mortgages.

Mr. Peterson: I suggested that just a little earlier, and you accused me of being a socialist, or was I a right-winger then?

Hon. Mr. McKeough: Strictly comparing the Province of Ontario Savings Office to other vehicles, we're now borrowing, in Treasury bills on a 90-day basis, at 7.29, I guess it was this week, and not quite the same amount of money but we could run it up to that amount of money, and that's almost permanently on deposit, as opposed to, I guess, we're paying on paper the savings office now seven and a quarter. We pay, on paper, a point above.

Mr. Nixon: And their profit comes back to you.

Hon. Mr. McKeough: Their profit has been running, they claim, again on paper, about \$800,000 last year. That doesn't allow anything for your time or my time, or a lot of other things, but there's a paper profit there.

Mr. Nixon: Mr. Chairman, I just have one more point, and I don't know whether I can convey this properly. We used to read ads, and we will again, about Ontario Hydro, backed by the government of Ontario, borrowing in New York. What was the highest rate, 10.6?

Mr. McIntyre: In the States?

Mr. Nixon: Yes. The ad would be in the Globe and Mail saying that Hydro was getting \$300 million or whatever at 10.6, and then there would be the Salomon Brothers and all the rest of those fellows, then it would say it's got nothing to do with you people, it's strictly a matter of record. I get a funny feeling frequently when I see those ads, which are a matter of record.

Obviously they're not going to get all that money out of Ontario but for anybody who has some money to invest, I have a feeling that there are people here who want to invest in something like that. Obviously that was a good return; I hope we never get that kind of return again, or those rates payable again. There is the feeling that people would have liked to invest in something guaranteed by the province of Ontario without going through a New York broker or something like that—why should they?

It seems to me, as a political person, that you would insist that chunks of that stuff would be readily available here always, and as a nice extension of that—I don't know whether you call it left-wing, right-wing or what, because I don't think it makes any difference—that through the Ontario Savings Office, if you're going to keep it going, there ought to be some kind of a savings or investment certificate that is obviously going to be used by the government of Ontario and you're allowing the savings people, the people who save here, to invest in these things.

I don't think you have to worry about the competition or anything else. I think you would have a solid source of funds which you could use as general capital or for any other purpose at a reasonable rate of interest and you would owe the debt to our own taxpayers.

Hon. Mr. McKeough: The province has not been to the market this year or last year, except in New York, where we go in our name and turn the proceeds over to Hydro, but it has gone to New York twice this year for \$300 million each time.

Mr. McIntyre: For Hydro.

Hon. Mr. McKeough: For Hydro, and Hydro has gone here three times; once for \$200 million, twice for \$150 million. We have borrowed nearly as much here this year and probably will go again before the year is over. So there will be as many bonds available of all denominations in Canada as there will be in New York this year. But I should tell you—and those figures are sort of interesting—on the issue of \$200 million, Mr. McColl, how many people purchased them, how many pieces of paper did we give out?

Mr. Nixon: About three.

Hon. Mr. McKeough: No.

Mr. McColl: It is a huge institutional list.

Hon. Mr. McKeough: That's where the money goes. Here the denominations are much smaller. Isn't it about four or five times as many pieces of paper we issue here for

the same size issue? Ten? I guess there is no harm in saying this, when we went two years ago for the private placement in New York for Hydro, which was \$600 million, I was seated at lunch between two people and I said: "Why am I sitting between those two people?" One had purchased \$125 million and the other had purchased \$100 million so they said it would be nice if I was nice to them at lunch.

Mr. Nixon: Who bought lunch?

Hon. Mr. McKeough: The underwriter.

Mr. Nixon: I would like to finish by saying I would look forward to the time when we have readily cashable Ontario savings bonds. We would get the advantage here of involving our own taxpayers and the financing of our own government and our own government projects and give us the advantage, in my view, of money at a reasonable rate.

Hon. Mr. McKeough: Straighten all this out with Mr. Peterson later, will you? There is a divergence of views.

Mr. Makarchuk: As the Treasurer, you have money on deposit at the chartered banks or the province of Ontario has. Do you collect any interest from that money?

Hon. Mr. McKeough: We are normally in an overdraft position.

Mr. Makarchuk: In other words, I was just wondering if you had—

Hon. Mr. McKeough: Yes.

Mr. Makarchuk: —on deposit, but you don't collect interest. In effect, you borrow from them and they lend you your money which you are paying twice for.

Hon. Mr. McKeough: No. We run overdrafts.

Mr. Makarchuk: Do you check with Bert Lance on the overdraft part of it?

Hon. Mr. McKeough: We pay overdraft interest and we invest our money daily. I think last year—what was the figure?—we felt that on our money operation on investing, less what we are paying in day-to-day interest charges for overdrafts, we made about \$4 million. The Auditor in public accounts about three years ago criticized us for running overdrafts from time to time and we were able to prove to our satisfaction and his that by running overdrafts and paying the interest charges, but using the float and investing the money that we have, we were making about then \$3 million—now \$4 million—on that operation. It scares you a little bit, but if the money is being handled—

Mr. Makarchuk: Does the public out there know that the province operates on an overdraft?

Hon. Mr. McKeough: I don't know. When we show our reserves, we also show a theoretical overdraft and an actual overdraft, but our money is very professionally and very well handled.

Mr. McCaffrey: One last question, at least for me, on OMERS, on this substantial pot of money—and it was something you said made me think of it—there is a change then I suspect in your thinking on how this money should be administered. A third of it, you said, now is being looked after in the more traditional way. There would be a staff of people investing that in mortgages and what have you. Is that correct? And then you said two thirds of it is—

Hon. Mr. McKeough: OMERS started in 1963. The original premise of OMERS was that whatever money they took in would be invested with us in long-term securities—50 years—starting off at a fixed rate of interest and then at our rate of interest. About three or four years ago, they indicated that they would like to start investing it, thinking they could do better. There were the same arguments we heard here this morning. We made the commitment that we would move it out as we could afford to do so. We are moving out about a third now. We get the fixed amount. They keep what's left.

They got cold feet about this, and have on several occasions; to date—in the three years, I guess, they've been investing money and, I would think, investing it very well—their rate of return has been exactly what it would be had they left it with us. They probably have a chance on some of it for capital appreciation over a period of years.

They appointed an investment committee on which one member of the board sits with four outsiders, the chairman being Bob MacIntosh of the Bank of Nova Scotia, who serves for a small fee, I guess, and three others. They're doing a very good job. They're starting to get nervous that if we move out more, they will have to build up more of a staff. I think they turn all their money over to somebody to invest. Who does their mortgage work for them?

Mr. McIntyre: They actually have one man, a director of investments, who handles the placing with the underwriting fraternity. He handles it with the Bay Street people.

Mr. McCaffrey: This dilemma they face leads me to my specific question, that they might be getting a nervous feeling that they're going to have to build up a bigger

staff. Thinking back to your comments this morning on the private pension fund industry, let me just ask a general question. What would be wrong as a statement of policy to continue that trend but rather to ask companies in the private pension fund industry to bid on those moneys?

Hon. Mr. McKeough: On managing them?

Mr. McCaffrey: To manage it in the traditional sense of the word. They would have to submit the lowest price obviously and would be subject to examination on a regular basis as to their performance. Does that as policy not make some sense?

Mr. McIntyre: Some of the near-government pension plans do that now. The Hospitals of Ontario Pension Plan (HOOPP) does that sort of thing, with outside institutions handling its money. They aren't doing it very well, by the way.

Mr. McCaffrey: As I see it, we're going to have an increasing pile of money and the temptation—a very real one, I would think—to build up an in-house body of expert people who would be competing, however, with some other resident Ontario investment counsellors or trust companies or what have you who are in the business now.

Hon. Mr. McKeough: I think that would be my bias, but they went into this very thoroughly and to date have gone the route that they've gone. To date, they've put—isn't it about 75 per cent or 80 per cent of it into mortgages?

Mr. McIntyre: They have 54 per cent of it in mortgages.

Hon. Mr. McKeough: If we move out further—and I have not discussed this with them other than very informally—I think what we may do for a period of time is suggest to them, or make an arrangement with them, that they will draw down say a certain percentage of Hydro bonds on any given issue, which would ease their administration on another chunk of money.

Obviously if we got right out of the act. I think they, as investment people, would want to put a certain amount of their money into high-grade bonds, and Hydro bonds are high-grade. So we may just make that switch, or they may make it, on a chunk of the money, which again would reduce their administration.

But the point you make is a good one. We'd be glad to bring the OMERS chairman or their investment committee before you to give you their reasoning as to why they have made the decisions they have. My bias would be with you, but to date I think they've proved that I'm wrong. I don't know how long that will last.

Mr. Nixon: Whatever happens to their investments, you guarantee the payout anyway.

Hon. Mr. McKeough: No. With OMERS there's no guarantee.

Mr. Nixon: With the teachers' you do.

Hon. Mr. McKeough: Yes, the teachers'.

Mr. Peterson: But that isn't going into the private marketplace.

Hon. Mr. McKeough: That's the great advantage. No, with OMERS there's no guarantee.

Mr. Cassidy: But there will be, starting in another year's time. Is that right? They're moving to a final average basis?

Hon. Mr. McKeough: Yes.

Mr. Cassidy: That means a guarantee, does it not?

Hon. Mr. McKeough: From OMERS to the person, but not from us—not from the province.

Mr. Cassidy: Which they will have to meet by means of increased contribution rates as they become actuarially unsound.

Hon. Mr. McKeough: And they are. One and one, which they think will be enough. Their studies show it will be enough, but it remains to be seen. However, there's no guarantee. It is very much an item to really try to stay as far away from the whole thing as I can. Other than that the only time I got involved is—and we have really worked out some systems for that—on the appointments to the board, which has been pretty continuous.

[2:30]

Mr. Nixon: You will get involved if we ever get into trouble over it.

Hon. Mr. McKeough: Mr. McIntyre sits on the board, and one other civil servant does. When we started off I think it was half and half, wasn't it?

Mr. Nixon: Yes.

Hon. Mr. McKeough: We have whittled it down to two civil servants and there's really a suggestion that only one is needed. But we can be sure that Mr. McIntyre or his successor always remains on the board for that reason. The municipalities, I think, and their employees are pretty happy with the plan, so we try to stay away from it and they give me a very nice, smooth-running little operation. Not little—40 or 50 people, I guess.

Mr. McIntyre: They have invested \$137 million up to now; they have done very well.

Mr. Peterson: This is only in—what—the last three or four years? It's a very recent phenomenon in relative terms.

Hon. Mr. McKeough: Three years. They are in their third year.

Mr. Peterson: And this is the first experiment with this kind of a sort of Swedish model, Quebec model, kind of planning, and if it works you may extend it. Right?

Hon. Mr. McKeough: Yes. Only with concurrence. The teachers themselves have expressed some interest in being involved in an outside pension plan. Some of them have, some of them haven't. I think that's a fair statement. When we were paying nine and something they decided, and with the guarantee they think they are doing pretty well. Obviously at a contribution right now of six and 15 they are doing damned well. This, by the way, is one of our problems when OMERS is seven per cent and seven per cent. The OMERS employees have made the point that "Here you are a party to a pension plan which is six per cent and 15 per cent, and we have to be part of a plan which is seven per cent and seven per cent and not guaranteed by the province of Ontario." So I am not sure, when it comes right down to the crunch, that the teachers are going to want to get out of this relationship.

Mr. Peterson: You're going to be forced to get out of it somehow. You're going to have to alter that. You're not going to be able to afford it.

Mr. Nixon: You can't guarantee the pension—get out of it.

Hon. Mr. McKeough: We would have to guarantee it up to a certain point.

Mr. Nixon: But then the other, they could run their own thing.

Hon. Mr. McKeough: But yours would still be—we would have to worry about it.

Mr. Nixon: I wanted it moved to the legislative retirement.

Hon. Mr. McKeough: No, I meant: Aren't you going to get a teacher's pension, too?

Mr. Nixon: No, I took it all out when I came here.

Hon. Mr. McKeough: And put it in Canada Savings Bonds.

Mr. Peterson: And ran three campaigns out of it.

Mr. Nixon: I built a dry shed.

Mr. Peterson: I just want to make a couple of points.

Mr. Chairman: Wait until the remarks are concluded by Mr. McCaffrey.

Mr. McCaffrey: Just that the general point holds, as I perceive the growth of the OMERS, the cash flow is such that it is going to have to grow quite dramatically, I would think.

Hon. Mr. McKeough: It is a little hard to—You know, I agree with you except that when you look at the record of the managed pension plans, or the managed mutual funds in the last five years, it is pretty hard to convince anybody that even a group of amateurs couldn't have done better, with no great disrespect to that whole industry. But their successes have not been too spectacular, which doesn't mean that it won't turn around.

Mr. McCaffrey: That's fair enough. Thanks, Mr. Chairman.

Mr. Peterson: I have a couple of points. I was trying to make this point earlier and maybe I wasn't very successful. I am very happy to see what OMERS is doing, and I hope very much that it is successful. But there is another very important reason that we haven't discussed here, the availability of that money in a different sector.

When we get into discussing some of our problems later in industrial strategy—the state of the productivity of the industry in this province, particularly—if there is any credibility in various reports and studies, like the Science Council, for example, one of the very serious problems has been this rundown investment. This is probably the principal reason why I have taken such a hard line on this consuming of all the funds by the government.

I am very happy to see this trend. I desperately hope it is successful, and please continue it, in my judgement, at a highly accelerated rate, because all around the world there is going to be increasing competition for capital. We are going to need it so much in so many areas—transportation, energy, and all those areas—to keep some sort of decent standard of living in the next 20 or 30 years. I think that we have got to change the trend that has gone on very, very quickly.

One of the things that bothers me, and it was apparent when you testified before the select committee on Hydro about a year and a half ago or so, is that your approach has been historically to figure out how much money you could borrow. It's always in the context of your credit worthiness—we had to keep our triple-A or double-A—and then you would project your revenues or whatever and you would figure out our total borrowing capacity. Then you'd split that between Hydro and the government. The government would take the first shot at it and then you would let Hydro take the rest. As a result, you've told Hydro on various occasions to cut back or accelerate, depending on how much total money is available.

I'm not sure that's the right approach. I don't think you can afford any more to make

that the criterion for your borrowing, and there's evidence to suggest that that's the way you do it. I think it's not so much how much you can borrow, it's how much you can pay back reasonably and over what period of time. I think that's one of the reasons we ran into a potential problem in 1970 and post-1975 after the budget when the financial rating houses were looking at us again and making sure we were credit worthy and all that kind of thing.

I don't know if they've seen the figures that came out this week. They may be back up to see us next week, I don't know. But I think the philosophy of that is wrong and I think it should change.

Hon. Mr. McKeough: For the record, there was disclosure of part of that amount publicly on September 16, as of September 1. The decline in the income tax payments happened in two bites—

Mr. Peterson: That's right, when you gave it to the municipal liaison committee or whatever.

Hon. Mr. McKeough: There was disclosure in the prospectus which was issued as of: "Due to a slowdown in the growth of consumer spending and a decline in metal prices, revenue flows have shown a further decline. On the basis of these estimates, net cash requirements may increase by approximately 200." They increased subsequent to that, and as soon as we knew that, we told the rating agencies and the underwriters.

Mr. Peterson: And it jumped from 217 at that point to 375.

Hon. Mr. McKeough: It was 12 something here—1,294.

Mr. Peterson: So it's increased in the last month and a half.

Hon. Mr. McKeough: We'll be glad to table the letters at some point when we get to that item. But there was an initial bite and the further bite, which actually I guess was September 16.

Mr. Peterson: We're going to be discussing this forecasting under a different vote. Under the next vote I assume—

Hon. Mr. McKeough: The only reason I interjected is that they are kept fully informed.

Mr. Peterson: I'm sure they are. I'm making the point that I think perhaps a different philosophy in borrowing has to come into account.

You were discussing earlier before lunch one of the possible solutions in the CPP problem is increasing the contribution rate to look after some of the liabilities down the road. Are you contemplating any increase in

contribution rate for these unfunded public service pension plans in the provincial sphere, such as the teachers' superannuation or the OMERS? Is that one of the options you're examining right now to look after some of those \$1.3 billion or \$2 billion of unfunded liabilities or whatever they happen to be?

Hon. Mr. McKeough: OMERS recommended a switch, which government approved in principle over a year ago and passed the regulation I guess last summer, and that will happen on January 1. With respect to the other two, the public service and the teachers, you'll really have to ask Mr. Auld that.

Mr. Peterson: But you are going to be responsible for coming up with \$1.3 billion over a period of years.

Hon. Mr. McKeough: Yes, but I'm also responsible for paying for the addition to the Toronto General Hospital too, and I'm also responsible for paying \$1.8 in general legislative grants to the school boards; that's a fairer comparison. So those things have to be delegated.

Mr. Peterson: But those are concrete liabilities that show up on the account books on a regular basis and are assessed regularly. You can alter those priorities as you see fit. You did it this year. You cut back on your grants to school boards, you changed the ground rules. We may disagree with you, but that's your prerogative as Treasurer. That is not your prerogative with a pension fund when you have a legal responsibility to pay out.

Hon. Mr. McKeough: Unless we want to overlook the law. You really should question him on this, but what I can tell you is that at the staff level at this moment there is the beginnings of a study under way—which has not yet had cabinet approval—on teachers, public service, hospitals, Hydro, Workmen's Compensation Board and OMERS—I don't know whether OMERS is on. This study will look at the relative positions of each of the benefits, payout, contribution rate, unfunded liabilities, and the whole thing.

That is very much just at the beginning stages and, as I say, has not, to my knowledge, even been to cabinet. It is probably going to go forward in tandem with the royal commission. I don't think we would want to make a Saskatchewan-type move, for example, until after we had had the report of the royal commission; but I simply don't know, and that is really an old bailiwick.

I have also suggested that to that list—we are talking about unfunded liabilities—there is another pension plan which we might add on, which is the grand-daddy of them all in percentage terms.

Mr. Peterson: I don't blame you. You should. You should be taking strong positions here.

Hon. Mr. McKeough: There will be less enthusiasm about that.

Mr. Peterson: Look, I feel the very same way, very strongly. One other very strong recommendation that I would have is that you have to have a yearly review on these things. You have to assess your liabilities yearly. I don't know why you don't do that.

Hon. Mr. McKeough: It's expensive, for one thing, isn't it?

Mr. Peterson: Well, yes.

Mr. McIntyre: It is to a degree, yes, although you set it up actuarially to a point, and from then on it gets to be regularized.

Hon. Mr. McKeough: We have, within government, actuaries of our own, but when it is done and declared in the statement it is done by outsiders. Is that correct?

Mr. McIntyre: We do it ourselves in terms of our own government funds but then you've got Mercer's and other actuaries outside that do the OMERS.

Mr. Peterson: But when you are talking about liabilities of \$1 billion or \$2 billion—I don't know what the money is that is required—as Treasurer, I would be extraordinarily uncomfortable not knowing what my obligations were three years out. And I think you have to do that kind of thing.

One other thing—we've probably flogged this thing to death—just give me three good reasons why these capital aid corporations, that financing mechanism, is necessary. You are just shuffling money from one pocket to another. You fund them out; then you pay them back the interest in order to pay you back. What the hell are you accomplishing in the whole thing? I am talking, essentially, about the colleges and the universities and the educational capital fund. This is a very clever device. The Treasurer will explain why it is so very important, but give me three good reasons. Because you are just concealing liabilities, as far as I am concerned. You are just deferring it down the line.

Hon. Mr. McKeough: Let me explain; first of all—Bruce is a new person around here—they were each set up 15 years ago, perhaps—these two corporations: universities and education. Then, in the same category—although they don't show here, for reasons I don't understand—are advances for hospital construction; they are some place else.

Mr. Peterson: Let's treat it exactly the same way.

Hon. Mr. McKeough: It isn't a corporation but it is treated the same way. Essentially, if the University of Toronto wants to build a Robarts library—not, in my view, the greatest example that ever was—which is \$40 million and it is, obviously, going to last for 40, 50 or 100 years, under government accounting it is written off in one year. Under the changes which were made in these two areas about 15 years ago—and I guess there are a few others kicking around—essentially we loan the money to the university; not necessarily all of it, but 90 to 95 per cent of it; they may have raised some of it themselves. Then we lend them \$40 million. Then each year in the estimates of the Ministry of Colleges and Universities, there is \$1 million plus interest, we'll say, to pay off—I don't know what the term is—to pay off that. So in effect what it does is capitalize and depreciate an asset on the books.

[2:45]

Now at a point in time when we were balancing budgetary accounts, there was some real merit in this from the point of view of the then Treasurer, Mr. Allan, because we effectively were spreading that. The net debt of the province went up on the one side by \$40 million because we borrowed the money from the Canada Pension Plan to pay for it, and we showed a receivable of \$40 million from the University of Toronto.

What we did not show on the balance sheet and were not required to show on the balance sheet is that we had really made an arrangement that we would pay them \$40 million in interest both ways over the next 40 years. That's how universities' capital aid is about \$1 billion—

Mr. Peterson: One point two billion dollars.

Hon. Mr. McKeough: —and Education is \$2 billion, I think.

Mr. Peterson: The same, \$1.2 billion.

Hon. Mr. McKeough: The same amount? That's essentially how most of the schools and universities in this province have been financed and to a lesser extent the hospitals.

Four or five years ago what we looked at completely, I think, was the budgetary surplus or the budgetary deficit. So everything that you could take above the line or everything that you could move below the line, which those loans were, the cash flow was exactly the same but reduced the budgetary deficit or built up the budgetary surplus.

About five years ago, I guess I won some arguments that what we really should be looking at is what I call the bottom line—

Mr. Makarchuk: Did you ever lose any?

Hon. Mr. McKeough: —which is the net cash requirements. Whether we spend the money on a highway or a bridge or a Robarts library or a school, whether we in fact are responsible for discharging the debt through some other way, it's the amount we ultimately have to borrow, either publicly or internally, which is the bottom line.

We don't pay an awful lot of attention today to the budgetary deficit and the press and the media all said that our deficit is now forecast at \$1,452 million when we forecast no such thing. We forecast that the budgetary deficit was going to be \$1,427 million. The two figures are pulling pretty close together, as a matter of fact, but they used to be \$400 or \$500 million apart.

That is the history of the whole thing and the terms "cash requirements" or "net cash requirements" and "budgetary deficit" are back and forth and mixed up completely all the time today, in error. If tomorrow morning we went out and invested \$1 million in shares of Imperial Oil and Bell Telephone, in fact our cash requirements would increase by \$1 million. Or to put it in a better example, if tomorrow morning we went out and put \$1 million which we hadn't planned on into a senior citizens' unit in Cornwall, our cash requirements would increase by \$1 million, even though we're going to get that whole million—well, senior citizens; we might not, I don't know—into a bank, which was going to pay us off. So it's the cash requirements that are really important in terms of borrowing, in terms of the effect on the CPP.

The particular question is, having really switched to what I call the bottom-line approach which, in Ottawa parlance, and I can never remember it, is a national accounts basis which most governments have moved to—but not municipalities, by the way. Municipalities are forever telling me that I'm running a deficit and they're not. I was told that in London not long ago, and London borrowed \$4 million or \$5 million last year and therefore had a cash requirement of \$4 million or \$5 million—net borrowed that amount. I'm beyond worrying about it. But, specifically, the answer to your question is that we are giving some thought to cleaning up certain items on the statement. That's as far as I'll go at the moment.

Mr. Peterson: That's good. I'm proud of you for admitting that. That's the first concession you've made in the last day and a half. But it strikes me that it's superfluous bookkeeping; you're just shuffling it off and distorting the liabilities and the assets. You write it off in one year and forget about it.

What the hell's the point of shuffling interest out to them and interest back to yourself through two accounts?

Hon. Mr. McKeough: The only point is that if we wrote it off completely tomorrow, the net debt of the province would increase by \$3 billion.

Mr. Peterson: That's exactly my point. It wouldn't affect the debt in a real sense but it would clear up the picture for people who really wanted to understand.

Hon. Mr. McKeough: No. What we have—

Mr. Peterson: Honest bookkeeping would have included that as well as the unfunded liabilities, and we would have a clear picture.

Hon. Mr. McKeough: Oh, no. Listen, we've become so bloody honest: If you want to talk about the net debt of the province, which is based on a total debt of \$6 billion, add that \$3 billion to it, which is \$9 billion, and then you can talk about \$1,100 per capita instead of \$800.

We are now really saying in our prospectus, where we have taken responsibility for nearly everything, that we have a total debt of \$22 billion net of assets in the public sector of this province because, carrying the argument through to its fullest conclusion, the city of London is not going to go broke.

The city of London has no guarantee from me for anything that it does, and yet it is highly unlikely—well, we have had two municipalities in the last three years, Ignace and Sioux Lookout, neither one of which was allowed to go broke. At some point, the province steps in. There's never been a hospital in this province that has gone broke, although some of them got pretty dicey and went into a fire sale.

I don't know where you draw this line. Mr. Dick wants to keep down the net debt; so do I—

Mr. Peterson: For what reason?

Hon. Mr. McKeough: Here, in terms of disclosure, we've said \$22,481,000,000. That was at March 31, so it's probably \$1 billion better than that now.

Mr. Peterson: Sophisticated observers understand all of this. Politically, it's easier to fool people at election time and all that kind of nonsense when you can distort—

Hon. Mr. McKeough: Nobody's trying to fool anybody.

Mr. Peterson: But it never becomes a topic of discussion. I'll grant you this: I think that your books are a lot more honest than they used to be but, in fairness, I don't consider honesty a relative matter.

Frankly, I like your net cash requirement approach. I think it's sound and sensible and it simplifies things, but I think that should be included in it in the same way that I believe these unfunded liabilities should appear in the account books on an annualized basis, rather than by way of a footnote. I think that's the only way to do it. You have talked about these problems that we are all facing collectively.

Hon. Mr. McKeough: I've never talked about it. Don Deacon used to talk about it ad nauseam.

Mr. Peterson: He's a decent fellow, Don. He's doing pretty well in the private market too. But you've talked about restraint and now the problems of government are the problems of the populace and we all have a big job to do to change attitudes and expectations. The first way you're going to do it is by honestly, fairly and completely disclosing the full nature and extent of the problems.

Hon. Mr. McKeough: As I say, I don't know where you're ever going to draw this line. If you make changes, you have to think those changes through very carefully and you have to do a hell of a lot of spadework. I can only tell you this is something we're working out and looking at.

Mr. Peterson: Who would it affect, in your judgement, supposing you changed your system tomorrow?

Hon. Mr. McKeough: The market—very definitely.

Mr. Peterson: And what would the market do to you?

Mr. McIntyre: Can I say something on that? When you get into honesty, it shakes me a bit with our accounting system. Looking at the conceptual position of what happened back then, I think government felt that if it was going to spend several billions of dollars on hard capital assets, to write them off immediately could be tantamount to asking the taxpayer to stand up and pay taxes on it fairly quickly, that they were going to be emphasizing very substantial deficits and, therefore, they should be calling for an increase in taxes very early in the game.

Seeing they were the 40-year type of asset there was a thought that, "Okay, we are going to be able to spend this money over a relatively short period of time." I think they were thinking in the initial instance of five, six or seven years in which they would spend the \$2 billion. To go out and hit the deficit is not the way to do it, possibly. The other way was to defer it and write it off over a period of years relative to

the economic or useful life of that asset. And that is the style that was set up. To a degree I think it has gone too far. You could, if you wanted to, deliberately flatten out a pyramid of spending over a time and that is really what they did.

Mr. Peterson: To have a different sales approach in the marketplace is what you are saying. What is that marketplace that would be adversely affected if they knew the truth?

Mr. McIntyre: The truth was there. All they had to do was read it.

Mr. Peterson: That's my point. Wood Gundy reads this and understands it; Salomon Brothers, Lazard Freres—all those guys who read this, they are not stupid. They know how governments conceal things and fool people if they so desire.

Mr. McIntyre: No, it is there.

Mr. Peterson: So my point is, how can it adversely affect the marketplace that they know already anyway?

Mr. McIntyre: There is a feeling that as long as they are tangible assets and we can define them and see them as such, that is why they are earmarked into the non-budgetary side—

Mr. Peterson: Lazard Freres are not going to foreclose on the Robarts library. I mean it is not like something they can grab on to. It is not security for their loan.

Mr. McIntyre: All we did was write it off over a period of years and it would seem to be there.

There is always the chance that government might like to change their percentages of contributions. For instance in the Ontario education capital aid something like 30 per cent is paid by the educational side. Possibly that could be changed to 40 per cent, or 50 per cent. Not to have that seen as an asset as such with an outside involvement by another sector is once again the importance of putting it where we did.

Mr. Peterson: Frankly I don't quite understand your logic because I think you are sort of going both ways on it.

Hon. Mr. McKeough: There is one other point which Dunc Allan reminds me of which is of significance. In fairness to Mr. Allan who set both of these corporations up, they were also a way of controlling somewhat the outflow of funds. I don't think they are used to that great extent now; they are more of a financial operation.

When money was more plentiful for both universities and schools—and this goes back some time—but it was true, capital aid corporations were both additional control devices by Treasury. That was I think really before

Management Board was even around. I think that control could be achieved in a variety of other ways, but that was also I think part of the reason for setting them up, that there was some control.

It should be explained that at that time we also wanted, and probably still do, to keep the school boards out of the public market, because there is this horrible problem of two people borrowing on what is essentially the same credit.

Mr. Peterson: But you had control through the OMB for that, didn't you?

Hon. Mr. McKeough: The OMB controls their debt. No, I meant the control of our funds. The OMB are quite happy to see the province pay more money.

Mr. Peterson: I thought you meant going to the marketplace.

Hon. Mr. McKeough: No. We also want to keep control, and still do really, because of this problem that we don't know how a Metro school board could borrow on the same credit as Metropolitan Toronto. There is just no way. So that still presents a problem.

Mr. Dick: At the risk of getting bopped on the head by the Treasurer for showing yet another view of the same ministry on the same point—

Hon. Mr. McKeough: He is the chairman of both corporations.

Mr. Dick: —there is another aspect and it was very important in the financing. The New York City problems and the problems they have had in the marketplace there in respect of local government did cause us a good deal of concern in looking at any municipal debenture, including Ontario's. It is why we went in the prospectus to an indication of the total public sector debt, because one of the significant differences between this jurisdiction and others, especially in the United States or Quebec, is the manner in which the province has financed municipalities and so on.

Mr. Peterson: Sure. You control that. You won't allow them to go bankrupt.

[3:00]

Mr. Dick: We not only control it, Mr. Chairman, the other significant part is the way we fund them in transfer payments. With the flow-through system of the capital aid corporations at that earlier point in time, for instance in the Ontario Municipal Improvement Corporation we were in fact providing the money to the local governments, who were not in a position to really go except at high rates, at the same rate as the

province was borrowing, which gave them a firm municipal financial base without higher debt loads and without higher interest rates than they would have got if they had gone to the market.

In the presentation of that type of system, showing the total impact on the total public sector debt of the province, it did reflect in our prospectus a very sound financial system in the sense that we were getting the best money for public debt throughout the province that we could in the marketplace. Through the OMB, as you mentioned, sir, we were protecting and watching over and ensuring that there was sound integrity and so on in the way they borrowed. Then we put it all together and present it.

The combination for that period of time was good. I agree entirely with the Treasurer that they have served a purpose; as George says, they presented the accounts in funded way that was proper. They also got as good rates in the marketplace and they ensured the presentation of a total public sector financial integrity in the borrowing areas of the debt market that was pretty good at the time.

Mr. Peterson: Certainly I'm not worried about the municipalities going bankrupt; they can't. But I'm worried about you guys going bankrupt; that's the worry. What I'm going to do—and I won't hash this any more—I'm going to phone Don Deacon and I'm going to tell him that he's had a major impact on the Treasurer and he will be delighted to know that he has moved you, at least to some small extent.

Hon. Mr. McKeough: If you do that, you'll be telling a gross—

Mr. Peterson: A little bit. I didn't say a lot—just a little bit. To move you half an inch is a major accomplishment.

Mr. Cassidy: Nobody will touch you; is that right?

Hon. Mr. McKeough: Not Don Deacon.

Mr. Vice-Chairman: Are your remarks concluded for now?

Mr. Peterson: Yes, I'm getting frustrated, Mr. Chairman.

Mr. Vice-Chairman: Mr. Cassidy is the next on the list. This is still on item 1, of 1102, is it, Mr. Cassidy? Shall item 1, of 1102 carry?

Mr. Cassidy: Hold on, Mr. Chairman, I guess that's an agreement that we're going to finish discussions. I beg your pardon. Item 1, is complete, yes.

Mr. Nixon: I think we're doing 1102 in one shot.

Mr. Cassidy: There is a separate vote there.

Hon. Mr. McKeough: I tried to split this into three parts.

Item 1 agreed to.

On item 2, fiscal policy:

Mr. Peterson: I guess we're now into the area of forecasting. It is my opinion that you owe us quite a detailed explanation of this piece of paper. Are you prepared to give that voluntarily or would you like to have it extracted from you?

Hon. Mr. McKeough: Sure. Over to you, Duncan.

Mr. Peterson: Duncan, are you the guy who did this?

Hon. Mr. McKeough: Looking at table 2, budgetary revenue—let me leave the personal income tax for the moment and the revenue guarantee, both of which Duncan would want to say something about. The corporation income tax and capital and premium taxes are simply the result of less economic activity than we had forecast and that we had thought possible this year.

Mr. Peterson: That is your own forecasting?

Hon. Mr. McKeough: That is our own forecast. Of course, we collect corporation taxes and have a pretty good handle through revenue on what would be expected. I think in fairness, we haven't been out much more than five per cent; I don't think we've been out that much in my time. But what has confused that forecast just a little bit, is the effect—which has lagged for a year—of the lowering of the rate for the small corporations, and some adjustment in the capital tax. I don't think that's a big part, but it is part of it.

Mining profits tax—we collect that when metals are not mined, not stockpiled; but we collect it when it's sold and when it's sold at a profit. As we all know, Inco in particular has something like a year's inventory sitting on the ground waiting to be sold. That figure was as high as \$150 million in 1975-76; it has come down since. In the September forecast, I think we said \$60 million, did we?

Mr. Allan: Seventy.

Hon. Mr. McKeough: And we brought it down now to \$40 million. Without going into the details, this profits tax is paid by a relatively small number of companies who can give us a pretty good reading on what they expect to pay during the course of the year. This is our latest reading, and the activity in that area is just not healthy.

Mr. Peterson: While we are on that, can we just maybe have questions on a basis of one by one?

Hon. Mr. McKeough: Yes, sure.

Mr. Peterson: How would you forecast mining profits tax? Is that in sort of constant liaison with those major companies, Inco and Falconbridge or whatever? How do you go about that?

Mr. Allan: Well, the key to the thing is that we get the tax when the ore is sold, not when it is produced or stockpiled.

Mr. Peterson: I understand that. You are saying a lot of tax on inventory—

Mr. Allan: Yes, we have a lot of accumulated and uncollected tax the day that the price goes up and the market is improved. So it has to do with the sales. This year, sales of stock and prices have been discounted since the beginning of the year. Even the mining companies were looking fairly optimistic in February about the copper prices, zinc prices and nickel prices.

Hon. Mr. McKeough: Copper on the LMA in February was, I think, very close, 65 to 70 cents, and it is now whatever it is, 50, 51, 52.

Mr. Allan: And zinc has been off about six cents.

Mr. Peterson: Do you monitor the commodity exchanges, the metal exchange, or how the hell do you know what you are going to get?

Mr. Allan: Well, you make a guess. I mean, in this particular thing, metal prices are all over the map.

Mr. Peterson: When you make your budget up, you have got to give the Treasurer a number?

Mr. Allan: Yes.

Mr. Peterson: And you said 110. Now, on what basis did you come up with that 110?

Mr. Allan: Looked at the current prices, talked to the mining companies, looked at the recent price trends, and then I guessed it.

Mr. Peterson: Good try.

Mr. Cassidy: That corresponds with what you said earlier, and particularly the guessing part. In fact, I can recall that when we talked with you and your colleagues about the question of the corporate tax revenues because we were concerned, we thought it was far too high, you said, "Well, there are some that kind of wrinkle." I have forgotten what it was that explained the fact that there would be about a 25 per cent increase in corporate tax revenues, despite the fact that profits were only going up by six per

cent. It was to do with the bunching of expenditures, of revenues, which were related to something happening up in Ottawa, you told us. God knows it was Greek to all of us, but it seems to me that the back-of-the-envelope kind of calculations we made were a heck of a lot more accurate than what you came up with.

Mr. Allan: Well, the key on the corporate tax is that we have an accumulation or an entitlement to certain revenues for that tax year. They don't necessarily flow because we allow the corporations a choice. They can pay us on the basis of their previous year's payments and we will collect the final money in July next. We will get our eventual entitlement, depending on corporate behaviour. In the past, corporations didn't show much acuity in holding back, keeping the money. They paid us pretty well in the instalment payments, the running account of what they are eventually going to owe us.

Mr. Peterson: Well, you have to.

Mr. Allan: No, you don't have to. You can pay your 1977 corporate tax in your estimate, exactly what you paid in 1976, until your final payment in July 1977.

Mr. Peterson: And then you pay a fine on the difference, if you are off.

Mr. Allan: Yes, but—

Mr. Peterson: That's my point.

Mr. Allan: The market rate on that fine and given what you can do with those funds are pretty close.

Mr. Peterson: What is it, eight or six?

Mr. Allan: We bump it to 12 per cent.

Mr. Peterson: And you can't write that off.

Mr. Allan: No, he can't write it off.

Mr. Peterson: So that's worth 24 per cent. Nobody is going to be that dumb.

Mr. Allan: No, I am sorry, but an awful lot of people do. Corporate treasurers want the cash, particularly when they are tight, and then a lot of them make that choice.

Mr. Peterson: You are telling me they are going to pay 24 per cent for the privilege of paying late.

Mr. Allan: They don't pay 24 per cent. I am sorry, they don't.

Mr. Peterson: For a pre-tax. They can't write it off, 12 per cent.

Mr. Allan: They can't write it off against our taxes. Our tax, they can't write it off.

Mr. Peterson: If you can't write it off, you pay double for it if you are in a 50 per cent income tax bracket. Would you not agree?

Mr. Allan: There isn't a corporation in Canada in a 50 per cent income bracket,

actually, ours and the federal one combined. There is nobody who pays 50 per cent.

Mr. Peterson: Well, what is it?

Mr. Allan: I would say on a manufacturing corporation it is close to 36 combined.

Mr. Cassidy: It's that tax dodge that the Treasurer talks about.

Mr. Peterson: Well, I tell you I'm paying a hell of a lot more than that.

Mr. Cassidy: Mr. Treasurer, I just want to ask you a question. Before the budget was drawn up, did you make some instructions to your people that you wanted to have an exceptionally optimistic revenue figure in order to allow you to come up with a projected deficit that will be below the magic \$1 billion mark?

Hon. Mr. McKeough: No.

Mr. Cassidy: Why is it then that you were so overly optimistic on every item of your revenues?

Hon. Mr. McKeough: I was certainly a lot more bullish about the economy, as I think everybody else was, in February and March. Events have turned out to prove me wrong.

Mr. Cassidy: That's true.

Hon. Mr. McKeough: If you look at the forecasts of February and March, people were generally pretty bullish.

Mr. Cassidy: Not as bullish as you were.

Hon. Mr. McKeough: All the forecasters were predicting somewhere in the neighbourhood of four per cent real growth for Canada, which now would appear to be two per cent.

Mr. Peterson: You were saying four and six at that point.

Mr. Cassidy: That's right. You were saying 4.7 per cent for this year.

Mr. Peterson: You were saying four per cent for the first half and six for the second half, as I recall.

Hon. Mr. McKeough: Yes, 4.7 per cent for the year. That's how I split it up. We now think somewhere around three per cent.

Mr. Peterson: A lot of people think that's high.

Hon. Mr. McKeough: That's three for Ontario. We haven't seen Ontario's third quarter figures yet. We don't give instructions like that. In fact, I'll be honest with you, normally in my experience they have been conservative in their forecasting.

Mr. Cassidy: The point you made was well taken. That used to be the case years ago in the period of Donald MacDonald as the finance spokesman for the party. It goes over a fair period of time when there was some pretty bullish revenues coming into this pro-

vincial government. More recently though, as you have begun to tighten up, it seems you have been overestimating rather than underestimating.

Hon. Mr. McKeough: No, it is only two years that this has happened in any substantial amount. Last year it was really the same problem which was on the personal income tax side, as I recall, and the revenue guarantee which was a biggie which we couldn't have foreseen.

Mr. Cassidy: In the case of personal income tax, I understand that—

Hon. Mr. McKeough: We'll come back to that. We said we would leave that one to the end. Retail sales tax is a lower level of activity and nothing there is due to budget delays but just to a lower level of activity. The second quarter in terms of retail sales was running less or equal to the rate of inflation. The figures that we are seeing now indicate we are having a pretty strong consumer third quarter. I don't know whether that will hold into the fourth quarter but we don't think it will go down any further.

On gasoline tax, we are right on. As for motor vehicle fuel tax, the difference there is really the tighter enforcement by the Ministry of Revenue. These are their figures, and the tighter enforcement was delayed obviously. It was optimistic, I think, in the first place and was delayed because the bill didn't go through until July when it might have gone through in April. It was probably an optimistic forecast, which really comes from Revenue. I am not passing the buck there but that is where it comes from.

On tobacco tax, it was the delay in implementation. In the case of succession duty, I don't know why we are up. I guess we had a couple of good ones.

Mr. Allan: We got a \$5-million one last week.

Mr. Peterson: A friend of yours.

Hon. Mr. McKeough: Other taxation is the pop cans or the biggest part of it is.

Mr. Peterson: That adds up to \$245 million. You are short on that about \$3.5 million.

Mr. Allan: That is 2.5 per cent on our own taxes. We have roughly \$10 billion that we can't be laboured on particularly. We are off \$250 million. That's 2.5 per cent.

Mr. Peterson: You are taking that as a percentage of \$10 billion but as a percentage of total taxation revenues it's substantially higher than that. Total taxation revenue is only \$7 billion. If you put in your other

revenue, OHIP, LCBO and all that stuff, yes, you are right. But your percentage of error on forecasting categories is much higher.

Hon. Mr. McKeough: No, we forecast those as well.

Mr. Peterson: They are easier forecasts.

Mr. Cassidy: With respect, you've gone far beyond the normal outer limits of this kind of predicting. You are about five per cent off on the taxes you are predicting.

Hon. Mr. McKeough: Do you want me to finish going through these and then we will come back to the personal income?

Mr. Cassidy: You want to; so go ahead.

Hon. Mr. McKeough: I don't think that on other revenue there is anything to comment on. Established programs financing is a plus, an increase really from the federal estimates and ours.

Mr. Cassidy: Is that plus because of the shortfall on income tax revenues?

Hon. Mr. McKeough: Yes.

Mr. Cassidy: Most of that or all of it?

Mr. Allan: All of it, and it still understates what we are really entitled to.

Mr. Peterson: How does that work? Could you explain how that works?

Mr. Allan: We made a deal by taking over the hospital insurance post-secondary financing, half of it in tax points and half of it in per capita EDF grants escalated by the GNE, to the extent that if the forecast of the tax yield goes down we have a floor. We get a total amount equal to what the per capita would be if we took it all in per capita form. So when the tax estimate by the federal government goes down, this is a makeup, because that's a floor. It's available to all provinces.

[3:15]

Mr. Peterson: It's a new device, isn't it?

Hon. Mr. McKeough: Yes.

Mr. Peterson: This came in concomitantly with the switch around of the tax forms.

Mr. Allan: That's right.

Mr. Peterson: Okay.

Hon. Mr. McKeough: The others, I think, are straightforward. The medical care is the cleanup of the old program where—

Mr. Allan: No, they're not, if I could interrupt.

Hon. Mr. McKeough: Yes.

Mr. Allan: There is a cash squeeze going on in some of these—the federal government

to us. The figures of \$17 million and \$15 million down reflect that cash squeeze.

Mr. Cassidy: They're doing to you what the provincial government's doing to the municipalities.

Mr. Allan: No, they're finding that it's taking them longer to process the claims than—

Hon. Mr. McKeough: No, we never squeeze cash.

Mr. Peterson: You just squeeze provinces.

Mr. Allan: —we would have expected. We thought we could clean up the residual from the previous cost sharing quite quickly. In fact, the cleanup seems to be taking an inordinate amount of time, because we're on a totally new format now. We're talking about payments on post-secondary going back to 1971 and 1970. We're trying to clean up claims that far back.

So there is a cash squeeze. It's not significant—\$30 million. But it's there.

Hon. Mr. McKeough: Coming back to the personal income tax, I'm not sure that we fully understand it; but, certainly, Dunc and Rendell understand it better than I do.

The original forecast on February 17, 1977, was \$3,297 million. This is gross and then we have to take off the Ontario tax credit, which is \$422 million. That works out, yes.

Then on May 5, they upped it slightly by \$17 million. On June 27, they upped it by \$14 million, and then on September 16—and we really had a warning of this—they took \$337 million off.

Mr. Allan: These are the entitlements. The figures that show in terms of what we actually get paid in the year differ, because we get, in any fiscal year, 11 months of that tax year plus one month of the next tax year because there's a lag in payments from the federal government to us. They collect the money on February 15 from all the corporations—deductions at source—in respect of the January tax month.

We get the money in quarterly instalments—four instalments a month, each month—and our first instalment starts about March 7; then it's spread over March. The effective time is March 15. So they have one month of our money. And that's been structured into the system for years.

Mr. Peterson: When do they tell you every year how much you're going to get?

Mr. Allan: We hear a number December to January; and that's how they actually start paying us. They send a letter to the Deputy Treasurer and they start paying us

on the basis of the number they put in that letter.

Mr. Peterson: Do you negotiate that?

Mr. Allan: No.

Mr. Nixon: Might I ask when the changes come? The Treasurer has indicated that they came four or five times. Do they send a brief with it, or some information with it, indicating why it's changed?

Mr. Allan: Yes, the kind of telex that was tabled in the House yesterday.

Mr. Peterson: Do you look at that? How do you know if they're telling you the truth or not?

Mr. Allan: We run an independent capacity, just for our own interest, because we can't change what we're going to get paid. What we put in this forecast has to be what they're going to pay us, because otherwise we could be \$300 million or \$400 million—

Mr. Nixon: With your independent capacity, do they give you pre-warning?

Mr. Allan: We've had a pre-warning since 1970—that they're all screwed up, basically.

Mr. Peterson: You did your own independent forecast on these figures? Just a minute now—you did your own independent forecast?

Mr. Allan: We always do. We run computer programs on the income tax tapes.

Mr. Peterson: Can the Treasurer explain to me why, when I asked in the House the other day, he said they didn't.

Hon. Mr. McKeough: I probably answered that too quickly.

Mr. Makarchuk: That's unusual for you.

Hon. Mr. McKeough: Your question was—"Do we forecast this amount?" We don't forecast this amount, we accept their forecast.

Mr. Peterson: Not my question.

Hon. Mr. McKeough: Obviously, in creating our own picture—a snapshot of what we think the economy is—we estimate a whole lot of things on our own and we take a look at the income tax. Dunc can take it from there.

Mr. Peterson: I have a question, just so that we're very clear, because I think you left a very mistaken impression in the House yesterday when this question was asked. You were asked if you do independent corroboration of that figure, if you look at it independently, if you do any of your own forecasting on that figure, and you said no.

Mr. Allan: Can I carry on, sir?

Mr. Peterson: No, he can't carry on. Just a minute. I frankly think that you are—

Hon. Mr. McKeough: We don't have a capacity to—

Mr. Peterson: Of course you do.

Hon. Mr. McKeough: All right. You say we do.

Mr. Peterson: You've got a capacity to put any number you want in there.

Hon. Mr. McKeough: No.

Mr. Peterson: You can make it lower. You can make it higher. If you don't believe their numbers—obviously you don't think that their numbers are all right. You said that you've had problems since 1970 and they're all screwed up. Clearly you have an obligation to give the people of this province the number that you think is correct that you're prepared to stand by.

Hon. Mr. McKeough: We're not prepared to say that the federal government doesn't act in good faith in giving to the 10 provinces its best estimate. And it has all the files there, whatever there are—three or four million. It's getting the monthly receipts. It's right on top of the situation. That's where the money comes from. We're not prepared to say—or we weren't prepared to say, I think we're going to look more closely in the future—but we certainly haven't been prepared to say that the government of Canada in any way were either making a bum forecast—

Mr. Peterson: You said they were all screwed up since 1970. That's what you just said.

Mr. Nixon: The Treasurer didn't say that.

Hon. Mr. McKeough: Duncan said that.

Mr. Peterson: Duncan said they were all screwed up since 1970. Now is that—

Mr. Nixon: The Treasurer surely wouldn't be quite that inappropriate.

Hon. Mr. McKeough: They have continually—well, Duncan can speak for himself, but what they have continually done is underestimated—not really since 1970, since 1973—they've underestimated the effects of indexing and it's caught up with them.

Mr. Peterson: That was Bob Stanfield's suggestion.

Mr. Cassidy: We've got your budget forecasts though. Is this a cash-flow forecast or is this a forecast of the accruals?

Hon. Mr. McKeough: Cash.

Mr. Cassidy: It's cash. That worries me in fact, because that suggests that the tax measure, for example, could in effect not have much impact because of the money getting bottled up in Ottawa, because of the way that they handle it. Is that correct?

Mr. Allan: The flow to us is, as I stated, what the federal government estimates and then breaks out into 48 payments. It's based on their estimate broken down by 11 months in the tax year and one month in the subsequent year. It takes into account the two-year lag in overpayments and underpayments for final settlement of two years previously. It takes into account the previous year's re-estimate, because it is re-estimated after the fact.

'This 1977 tax year will be finally finished in 1979; March of 1980, in fact, is when we'll finally have the books cleared on our entitlement and our yield for the 1977 tax year.

Mr. Nixon: The reports to the people of the province from the Treasurer are 15 months in arrears, the public accounts. You're not being critical in that regard, you're simply informing us.

Mr. Allan: I'm informing you that you've got two years back in the cash flow, you've got the 11 and one, and you have an estimating procedure. Then we get the end result of that in 48 cheques.

Mr. Cassidy: This is a heck of a way to run a railroad, because what you're saying is that when you looked at the figures starting at the beginning of the year, you had some grave doubts that what the feds promised would be coming our way would be what actually arrived.

Mr. Allan: Put it this way: We don't—

Mr. Cassidy: You also had a sense that there could well be variations as wide as \$200 million or \$300 million because they'd been getting consistently wrong figures over a lengthy period of time, ever since indexing came in.

Mr. Peterson: Is that what you said though?

Mr. Cassidy: That's what the Treasurer is saying.

Mr. Allan: What I am saying is that for four years we have run a form of monitoring or forecasting which is based on 250,000 tax returns which we program as a representative sample of our taxpaying population, bang them through the computer, project some economic measures and income growth measures and extrapolate them. We make a guess on the basis of that, fairly confidently, we think—

Mr. Peterson: What was the result of that when you did it this year for this budget? What was the result of that particular exercise?

Mr. Allan: We didn't do it for this budget. We do it periodically at any point in time to see what the credits are going to cost. We do it maybe 10 times a year.

Mr. Peterson: Obviously, when you put this budget together—

Mr. Cassidy: What year over year growth in personal income tax revenues did you anticipate for 1977-78?

Mr. Allan: The last concrete tables of actual tax returns available to us in statistical form, computer form, are 1975. So we're extrapolating what we think happened in 1976 and what we thought the general income growth climate would be for 1977, and we've run it off about three times since January.

Mr. Cassidy: And what did it show?

Mr. Peterson: Let me just pursue this for a minute. You were given a figure by the federal government that you stuck into your thing here. Doesn't the Treasurer or the deputy come to you and say, "Do our forecasts coincide with this roughly, or how close are they, or what's our own projection?"

Mr. Nixon: Saying, "Give us the best figure you can, the highest figure you can," knowing that it's been screwed up since 1971.

Mr. Allan: It doesn't matter because you're not going to get the money. One year we put a figure in, done on our own basis, \$90 million higher and we didn't get it and so our forecast was out by \$90 million.

Mr. Peterson: Yes, but your expenditures—

Mr. Allan: No, no. We tried it one year.

Mr. Peterson: You tried it one year, using your own figure rather than the federal government's figure. Is that right?

Mr. Allan: That's right.

An hon. member: They were close.

Mr. Peterson: So what you are saying is you don't always use—

Mr. Allan: No, we got the \$90 million eventually.

Mr. Nixon: The Treasurer nodded. You say no?

Mr. Allan: The money we got in that year was the figure that they told us they were going to give us.

Mr. Peterson: You are saying that you sometimes use your figures and sometimes use the federal government's figure.

Mr. Allan: No. I said we tried one time—

Mr. Peterson: When was that?

Mr. Allan: —to see if we could lever a reforecast out of the federal government.

Mr. Peterson: When was that? What year was that?

Mr. Allan: 1971 or 1972. We tried to lever a reforecast out of them by banging a higher number in.

Mr. Peterson: What would your position as a responsible civil servant be when you are given a number by the federal government and then you know in your heart of hearts on the basis of all your studies—because you do this monthly, you've just said, or quite frequently you do your own forecasting—you know that you are going to be \$200 million or \$300 million or \$400 million off, or a substantial portion of it? What is your obligation at that point?

Mr. Allan: First of all I have to be absolutely certain. There's an income shift happening across the country which shows up well after the fact, so again the federal government, because they do this thing on a national base, they treat every province as if it was the same and they do a national forecast for all of Canada. Then they apportion it by provinces according to their perception of an allocation that's fairly unchanged. In fact, the allocation has been steadily shifting to the west. We recognize that.

Mr. Peterson: We understand all that. That's not the question.

Mr. Allan: Wait a second, this has to do with my confidence in the reliability of their first number. If I think they have guessed that the income allocation or the shift slowed down, or is stopping, or there are more high-income doctors coming in from Quebec and they take those things into account in their forecast, then I say, "Well, there may be some reason. Our numbers are a lot lower but they may have some built-in factors to start compensating the other way." We don't know.

I can tell you how they do their forecast. They have 30 equations; macro-equations, based on national counts. They jam in some economic factors. They do it for the whole country and they use an apportionment three years old. Then they send us a letter.

Mr. Peterson: So, answer this question. If you were under that impression, on the basis of what you know, you have two options. You can say that they are aware of some trends and shifts that you are not aware of, therefore, they must be right and I trust them, therefore I'll take their number. Or you are in the position that you don't believe what they are saying. What are your obligations at that point?

Mr. Allan: My obligations? I guess we put forward in discussions with the Treasurer the risk factor around any revenue forecast.

Mr. Peterson: And what was in those discussions? Did you tell—

Mr. Cassidy: What were those factors you've indicated—

Mr. Peterson: Excuse me, Michael. Did you tell the Treasurer there was a risk in putting that particular number in this budget.

Hon. Mr. McKeough: There is a risk in every number that he puts in front of me.

Mr. Allan: Exactly.

Mr. Peterson: And what was that discussion?

Mr. Allan: I suggested that we couldn't believe that the income growth could be nearly as high as that being projected by the federal government. But we are still going to get the money until they make an overt change. They've done four reforecasts this year and were confirming as late as July that their number was still strong. It was still there. That's from December to July through three letters; they are holding to the number so we are not going to bother going back. Every time I crank that computer it costs \$10,000 to run this thing.

Mr. Peterson: So you want to save \$10,000 by not doing it?

Mr. Allan: Wait a minute. You make a management judgement. We want to cost out our tax credits. We want to know what the incidence of this tax is. We want to know the effect of reforms: Who is taking advantage of the \$1,000 credit for interest? Who is doing these things? We publish all the papers. The federal government doesn't publish the papers about the burden of income taxation, the thrust of reform. Ontario does all that work. So we use the tax data available to us for a lot of things, not just revenue forecasts.

Mr. Peterson: From what I understand of what you are saying, you are pessimistic that that number would be reached. It was confirmed by the federal government.

Hon. Mr. McKeough: No, that is not what he said. What he is saying is that he was pessimistic that the incomes would generate that amount of taxes—

Mr. Allan: That's right.

Hon. Mr. McKeough: —but we had no reason to believe that that amount of money would not be transferred to us.

Mr. Peterson: You are telling me that if they make a mistake they will make up for their mistake. If they've made a mistake about your share they'll feel badly about it.

Hon. Mr. McKeough: And they might correct it in the following year.

Mr. Allan: Or two years later.

Hon. Mr. McKeough: Let me put this on the table. The Maritime provinces are in enough trouble right now because of this forecasting.

Mr. Cassidy: I have even less confidence in all of you now than I did before.

[3:30]

Hon. Mr. McKeough: The Maritime provinces are in serious trouble. What is going on here, of course, ultimately affects their equalization payments as well. It won't surprise me—in fact, it is fervently to be hoped—but we can't count on it in this forecast—that Ottawa may say, "We'll speed up a payment to you towards the end of the year and put some of this back into the system." That's Ottawa's prerogative. They won't do it for Ontario—

Mr. Peterson: You are by agreement entitled to a certain percentage.

Hon. Mr. McKeough: Within a period of time.

Mr. Peterson: Sure.

Hon. Mr. McKeough: But how they pay that out is their business.

Mr. Peterson: Certainly they negotiate, they don't just take a totally unilateral action. I mean there is a certain precedence of procedure that has been established over a period of time about how it is done, and presumably you corroborate their figures—

Mr. Cassidy: You would never know with these teachers.

Hon. Mr. McKeough: Let me say this, there is room for improvement in the procedures from our point of view.

Mr. Peterson: I am sure there is. But what concerns me—

Hon. Mr. McKeough: In fairness, I have no doubt that they, after all the figures are in, can probably show us in any given year—don't ask me which year—where we have been overpaid at points in time. I am sure that's true. But basically it is a pretty good system. They pay on an estimated amount and we don't wait the two years until everything is finally audited. We get along pretty well with the Department of Finance, by and large. Where we have the problems is with areas such as post-secondary education payments where we're not getting the \$15 million, and that's probably because somebody just hasn't got around to auditing the audited statements from 1973. We are still arguing about the number of students back then for our entitlement.

Finance, in fairness to them, are paying us on an estimated basis on the 15th of the second following month, but it is a very estimated basis. I am sure they can show us—we've never asked them, in fact I haven't asked them—where they have overpaid us from time to time, and it comes out in the wash. This just happens in this year, from their point of view—and they are more embarrassed about it than we are—to be a rather large error.

Mr. Peterson: But there is no guarantee that that's going to be made up in a subsequent quarter.

Mr. Allan: No, I think that, fundamentally corrected down, what we call the co-efficients of their regression equations to reflect the reality of the money they've got in the vault—

Mr. Nixon: Would you give us that in English, please? I am not bilingual.

Mr. Allan: They have a macro view of Canada and revenues. What has happened is that there have been indexing, tax reforms, behaviour shifts, population shifts, and AIB and a lot of things. There isn't one of those factors that we believe they can competently predict, because they look at it as if the world hadn't changed.

Mr. Peterson: We've established several things. We have established that you don't have a helluva lot of faith in them over the past few years.

Mr. Allan: That's my technical opinion.

Mr. Peterson: We've established that you do your own independent forecasting. We've established that rather than trusting your own, you've taken theirs. You were less than frank yesterday and I think it—

Hon. Mr. McKeough: No, I am not being—

Mr. Peterson: Yes, you were.

Hon. Mr. McKeough: We do our own forecasting of the economy, what the personal income tax, or the retail sales tax, or any one of the other things may turn up. We accept their cash flow to us, what they say they are going to turn over to us in cash.

Mr. Peterson: But what they say they are going to turn over in cash is only an estimate. That number they give you when you are doing your budget is not a guarantee that they are going to give it to you. It is just their estimate of what the provincial share of personal income tax is going to be that year.

Hon. Mr. McKeough: No, it is not. It is their estimate of what, based on their estimates of what personal income tax is going to be, they will turn over to us.

Mr. Allan: It has been reasonably reliable for 10 years, you have got to accept that.

Mr. Nixon: How do you trace it back to their problems to 1971? You said they were screwed up since then.

Mr. Allan: Yes, they started to go awry after tax reform because the poor little guys who did it manually before that and all the national accounts now—the world changed.

Mr. Nixon: Have you told them about this? I have the feeling that 1971 was the year we hired you, or something, and that's how we realized that they were all wrong. I mean this gentleman is the executive director of fiscal policy. If he believes that the advisers to the Minister of Finance for Canada are and have been "screwed up" since 1971, how can the Treasurer of Ontario possibly go up there and negotiate with the kind of advice he is getting?

Mr. Dick: With respect, Mr. Chairman, I have to say that when the officials meet between the provinces and Ottawa—

Mr. Nixon: You leave him home.

Mr. Dick: No, no, we let him out of his kennel, but the Treasurer isn't there. That is when the professional technicians, the economists, and the computer operators start fighting over the models. We had the same thing in the revenue guarantee. That started many years ago on the basis of a dispute between some provinces in Canada as to whether the model upon which they were basing the whole thing was going to be effective. As it turned out, it was not effective; a variation had to be made and that was what we spent two years, until last summer, straightening out.

This is just a wee bit the same. It's not that I think people are going around alleging gross dishonesty or anything like that.

Mr. Nixon: Just stupidity.

Mr. Dick: No, it's different views of what the model is entirely.

Mr. Nixon: It's possible that they're not entirely wrong. Is this the first projection that has had a serious impact on your budgetary forecast?

Mr. Makarchuk: This model was an Edsel, is that it?

Mr. Peterson: In which direction?

Mr. Allan: The same direction. But we find out about that, you see. That will eventually show up maybe in 1978.

Mr. Peterson: But what the Treasurer is trying to tell me, if I understand what he's saying, is that he's going to get paid back that anyway. It's just a mistake for this year.

That money will never be forthcoming. That deficiency of \$350 million is gone. It's not there and you're never going to see it. Do you understand that, Mr. Treasurer? Do you understand that it's gone.

Hon. Mr. McKeough: Nobody can say that with certainty.

Mr. Peterson: Just a minute. He said it with certainty.

Hon. Mr. McKeough: The figure of \$2,625,000,000 is made up of their estimate of what is coming in on tax returns during calendar 1977. It will also include some auditing of 1976 and 1975.

Mr. Allan: And one month's estimate of 1978.

Mr. Peterson: We understand that.

Hon. Mr. McKeough: No one will know whether the \$350 million is the right figure for the cleanup of those three years until some time in 1980.

Mr. Peterson: He just said we aren't going to get that money. I just asked the question and he said the \$350 million discrepancy is gone.

Hon. Mr. McKeough: In cash flow this year.

Mr. Peterson: In cash flow, yes.

Mr. Allan: Yes, it's gone this year and I question whether we'll ever get it, because our forecasts, the way we look at the world, indicated to us that since all the reforms the advantage has been taken by higher income taxpayers, they are a lot more costly than was suggested by certain federal budgets and people moved to maximize under the \$1,000, the RRSs, the subsequent tightening moves are a clear indication that they cost a lot more money than some people originally thought, so we didn't believe the elasticity was there.

Mr. Peterson: I just want to finish on one point and then you can take over. I have two points. You didn't believe it was there—you didn't have any faith but you used the numbers anyway. I would suggest that when the reputation of the Treasury of this province depends on the numbers in this thing and they're so bad, your reputation has taken a very severe beating and that this myth of competence which has at some times surrounded you is just not correct in these circumstances.

You have an obligation to present the numbers as fairly and as honestly and as truly as you possibly can. When your own department is pessimistic that you're not going to meet it, particularly in an election

year when it looks, certainly on the face of it, like an obvious distortion which to me was for political purposes at the particular time—

Hon. Mr. McKeough: With respect, that is not what my department said.

Mr. Peterson: Would you just let me finish? That is the first point. I think that's damn poor budgeting on your part.

Two, I think you have an obligation to make an apology for the answer you gave in the House yesterday because it just wasn't true.

Hon. Mr. McKeough: I think you have an obligation to make an apology for the distortion which you have just made of what has been said. The staff, and I repeat this again, felt that on the basis of the income tax data which was available to them in full form which would be 1975, that there would not be that kind of income, or therefore tax, generated in 1977. But they did not question to me—they may have to themselves, but they did not question to me, or to the deputy to my knowledge—that the federal government would not flow through the cash which, on February 17, they said they would flow through. And we do not get into the—

Mr. Nixon: To be fair, wouldn't you say they predicted they would flow through? They didn't sign a paper saying you were going to get that money. That was their prediction.

Mr. Allan: No, they signed a paper saying, "We will start making payments the following year."

Mr. Nixon: On that basis and, as is their custom, it's reviewed on a regular basis. Hell, why should we defend those birds? They're going to win the next election anyway.

Mr. Chairman: Heaven forbid.

Mr. Allan: The number of reforecasts indicates concern. We've had years in which the December forecast rides right through to the following December before we even hear a suggestion. In fact, that was the traditional pattern: Get your original forecast in January and have another look at it by December; and the change might be \$25 million, \$30 million, \$50 million—certainly around the two per cent range, either way—for years and years. But with indexing and the significant reforms that have taken place since 1974, things have changed rather dramatically and the macro model can't handle it.

Mr. Peterson: Make up a new model then.

Mr. Allan: It took us from 1971 to 1974 to get the federal government to shift to a micro system to cost out the revenue guarantee. They took our bloody system and put it in for all provinces. I suspect they're going to take our revenue forecasting system and put it into the Department of Finance.

Mr. Peterson: I hope they don't take you, Dunc.

Mr. Ashe: It goes to show who should be running things in Ottawa.

Mr. Nixon: Yes, Joe Clark.

Mr. Vice-Chairman: Members of the committee, I'd like to point out that it's 3:40. Mr. Peterson, can you complete your remarks as leadoff critic on this item and we'll move on to Mr. Cassidy?

Mr. Cassidy: I want to deal with this question of forecasting; and there are lots of other things to be talked about—

Mr. Vice-Chairman: I'd like to achieve something here. It has been great fun, and we've had an interesting discussion, but have you completed your opening remarks on this item, Mr. Peterson?

Mr. Peterson: There's nothing more I can add, except that I'm disappointed in the way the Treasurer has handled it. If I were Treasurer of this province—and it looks increasingly like our prospects are going to be that way—

Mr. Cassidy: You thought you were going to be leader of your party.

Mr. Nixon: And you think you are going to be leader of yours.

Mr. Peterson: —the first question I'd ask about any of these projections would be, does that conform with our projection? I'm surprised you didn't take a tougher view of these kinds of things. You're tough when it suits your purposes to be tough, and you're not tough when it doesn't suit your purposes—

Interjection.

Mr. Peterson: That's right. And when you are still striking for that magic number, it looks to me like a serious case of distortion and I'm a little disappointed by it.

Hon. Mr. McKeough: I'm not going to lose any sleep over that.

Mr. Cassidy: Mr. Chairman, I just want to raise a bit more of the question we've just been talking about. If I recall correctly, you had already experienced a \$300-million setback in your efforts to get the deficit down to about \$1 billion in the previous fiscal year. That's why we're upset by what happened this time. It seems to me that they

were political motives for you, as Treasurer, to get the best kind of gloss possible on what would happen in order to back up the promise of balancing the budget with which you hoped to head off to the province.

It's significant, I think, that when we looked at the figures, we made a prediction—I put it on paper; I said it in my reply to your budget the week after you brought down the budget—that your deficit would be in excess of \$1.4 billion for this current year and not the figure of \$1.1 billion that you had forecast or \$992 million which you forecast on the budgetary side.

We don't have the advantage of having the services of Mr. Allan and of all the other people who work in the provincial government. It seems to me from what he's been saying that it wasn't a matter of not knowing but rather it was a matter of not telling, as far as you were concerned, because you simply chose not to pass on the doubts that you had about the federal figures. It makes me wonder, though, what on earth is happening in your ministry, Mr. Treasurer, if we can come up with estimates that are better than yours on the basis of the relatively slender resources we have in terms of staff.

Perhaps a sceptical attitude would be called for, and perhaps you should make your reservations public, but it sure as heck was convenient for you as Treasurer to be able to go to the province and say, "We're getting it under control." The fact is, it wasn't under control at all and it winds up that the situation, because of the revenue weakness, will be no better if not a bit worse, than last year.

Hon. Mr. McKeough: Let me make two points that we are proud of and I will reiterate again. One is that we have brought expenditure substantially under control, with rates of growth approaching 25, 15, 10, 9.1, 6.9. That's the real test—not revenue forecasting. I wouldn't expect you to agree with that, because your real complaint is that we're not spending enough. But what I am proud of is that we have brought the expenditures under control.

[3:45]

The expenditure side is where I would put a lot of my credibility. It is a little asinine, if I may say so, to suggest to both of the financial critics that in an election year revenue forecasting is something we play politics with.

My credibility, the credibility of the Deputy Treasurer and of the controller who signs the balance sheet is, ultimately, very much on the line in any of these documents.

Whether we have a rating in New York, whether we are able to borrow money in Canada, whether we are perceived to be responsible managers of the province's accounts and money, and responsible in our forecasting and budgeting is our number one concern; and not winning elections. I resent any implication that in some way we manipulate things for political purposes.

If you think that the average person on the street thinks that there is much difference between a deficit of 1.1 billion and 1.2 billion, I think you're completely wrong. I'm not sure that he understands, bless his heart, the difference between the 1,077 million that we had originally forecast and 1,454 million now. Those are numbers beyond his comprehension.

Mr. Peterson: You're lucky he doesn't understand or you wouldn't be in power.

Hon. Mr. McKeough: I think you're right out of the tree to suggest that in some way \$100 million here or there is going to affect the perception of the average voter in this province. What is does affect very much is the financial community and the people who lend us money, the people who may invest in this province. There is no way we play politics with that sort of thing, and I resent any implication that we do. I resented it last spring and I resent it now.

The fallacy and the stupidity of your argument is that if you think it would look better to go to the people with a 10.77 net cash requirement as opposed to 11.77—that is just sheer and utter nonsense. That may be your idea of playing politics. It's not my idea of how you play successful politics—

Mr. Cassidy: If I understand correctly, you're saying, "What's \$100 million?" Is that right?

Hon. Mr. McKeough: —and it's sure that I'm not going to put my signature on something which is perverted in the way you are suggesting. I leave that thought with you.

Mr. Cassidy: You know you did that, Mr. Treasurer. Too often that kind of thing comes out of the government. I understand what you say. I know the kind of person you are, and yet one looks at the kind of games that get played—

Hon. Mr. McKeough: It's not a question of the kind of person I am. What you and Mr. Peterson have both done this afternoon is suggest that my staff play around with figures for political purposes. We don't do that. We're not going to do that. If we lose an election over it—fine and dandy.

Mr. Cassidy: When you want to, you play around with words in order to give impressions that are not accurate.

Hon. Mr. McKeough: The responsibility that I have towards my staff is not going to allow me to let you get away with those weasel mouth words any longer.

Mr. Cassidy: I'm talking about you, Mr. Treasurer, not about your staff.

Mr. Peterson: It's not your staff, it's you—just so that we're clear.

Mr. Cassidy: That's right.

Mr. Allan: Can I suggest that the staff does put propositions to the Treasurer and has discussions with him, but on the revenue forecast he takes the numbers that are put in front of him. That's our best guess.

Mr. Makarchuk: You know the Evel Knievel programs that were used in the elections? Were you responsible for those?

Hon. Mr. McKeough: If you want to play politics—there is a good one. When you get up to \$8 billion or \$11 billion, the people understand that—that's playing politics. And I'll play politics like that again.

Mr. Cassidy: You sure do.

Hon. Mr. McKeough: But I'm not going to sit here and hear my staff attacked by the kind of statements that you've made this afternoon.

Mr. Makarchuk: Those figures didn't have very much credibility. What I want to know is—

Hon. Mr. McKeough: They had enough. They were understood.

Mr. Makarchuk: —who provided you with those figures?

Hon. Mr. McKeough: They were understood.

Mr. Warner: Twisting the story.

Mr. Makarchuk: Who provided you with those figures? Was it your staff who provided them?

Hon. Mr. McKeough: Well, you didn't have them, that's for sure, because you were going around making promises. You had no more idea what things were costing than fly to the moon; and you were caught out.

Mr. Cassidy: That's balderdash and you know it.

Mr. Nixon: If anything did damage to the integrity of your staff, it was because they did the costing under your direction.

Hon. Mr. McKeough: We costed yours on one occasion, too, and they're worse.

Mr. Nixon: It's completely irresponsible.

Hon. Mr. McKeough: That's before the right wing took over your party.

Mr. Nixon: You went out and won the election and spent about three times as much as our program would have cost.

Mr. Vice-Chairman: I must inform the committee that we have 11 minutes left. Mr. Cassidy has the floor and I'd appreciate no more interruptions; the dialogue is between him and the Treasurer.

Mr. Cassidy: I want to adopt a more measured tone for a minute. I was interested in the comments of the Treasurer in which he referred to the fact that the capital investment of the province had, in fact, equalled or exceeded the cash requirements of the province, over a number of years, with, I believe you said, one exception.

I would like to refer to that because of the implication that that casts on this whole question of the Treasurer's absolutely categorical determination to achieve a balanced budget, in his terms as he defines it, for 1981. If I understand correctly what the Treasurer is saying, he is saying that during the late 1960s and during the 1970s in particular it was correct for Ontario to run very substantial deficits because that deficit was being used for capital investment in schools, hospitals, road and other forms of infrastructure which were being put into place by the province of Ontario.

He is now saying that is no longer correct, and that, in fact, Ontario has, within three years, to go on to a policy of strict pay-as-you-go in which no part of those capital investments in infrastructure will be met out of borrowing at all, but it must all be paid for out of current revenues.

It seems to me that the Treasurer on the one hand says to Mr. Peterson that if those hospitals and schools had been paid for out of current revenues three or four years ago, interest rates would have gone up, we would have been in a difficult position, taxes would have had to rise, and therefore we couldn't do it then, but he is saying that for the future those things are going to have to be met out of current revenues. Is that what you are saying, Mr. Treasurer?

Hon. Mr. McKeough: I think that is putting the extreme of both positions, but more or less yes. I don't think it is as black and white as that.

Mr. Cassidy: Do you believe then that in the future some of the infrastructure which the province will be responsible for—which I presume it will still be responsible for, unless you are going to privatize the highway system—should still be covered by borrowing?

Do you categorically rule out the use of borrowing to finance some infrastructure which will benefit people over decades and generations?

Hon. Mr. McKeough: If we are going to balance the budget in three years' time then obviously I am ruling that out. I think some of the things on that infrastructure list might well stay on the non-budgetary side, and I am thinking of some of the genuine lending activities. I don't know what will happen in the whole mortgage area. It has been wound down substantially. It might be necessary to wind it up again.

In budget paper C we showed a budgetary balance, and we showed cash requirements of 0.1, \$100 million, just to put a figure in. Some of those capital assets might well be paid for if we didn't do anything about the educational or university capital aid corporations; they would be part of that \$100 million, more or less.

Mr. Cassidy: But essentially, apart from the financing of, say, university expansion—

Hon. Mr. McKeough: The answer to your question would be yes.

Mr. Cassidy: Why this sudden change, and why is it being done in such an extreme—to use your own words—kind of manner? What is it that is different between, say, 1981 and 1973 or 1974, that you say nothing—

Hon. Mr. McKeough: I think the period of very rapid growth is over. To just take one area, universities have been severely constrained in their capital aid. University capital aid at one time or another was up to \$200 million a year, which in today's dollars would be \$400 million a year. I think we are now down to \$80 million and I think that is something that we can probably handle without borrowing for; education very much in the same way, particularly in the period of declining enrolments.

As a percentage of what we are doing, certainly our expenditure on roads—you mention roads—has dropped, not without great screams from the Minister of Transportation and Communications (Mr. Snow). Our expenditure in a capital way, on the other hand, on subways has accelerated somewhat, although really if one believes a lot of things, perhaps even that has peaked. I don't think we are going to see another Spadina subway for a few years anywhere in the province. So I would think that, with a period of very rapid growth over, there is room for us to balance our budget and to pay for some of these things that we have been borrowing for out of revenue.

The other side of that equation is of course that in so doing we free up—whether it's by

investment by us, by turning it over to Hydro, by just not taking it in the first place such as OMERS—we free up resources for the private sector which we happen to subscribe to.

Mr. Cassidy: The thing is that, for example, the pattern of investment of physical assets over the last few years has been that although priorities have changed, it has still stayed up fairly high. It was \$1.2 billion in 1974 and then bumped up to \$1.5 billion or thereabouts—

Hon. Mr. McKeough: Pickering distorts that a little bit.

Mr. Cassidy: That's true. The priorities may change but there is still liable to be a level of investment of physical assets which, when you take everything together, is going to be in the range of \$1 billion to \$1.5 billion a year.

Hon. Mr. McKeough: We think about \$1.4 billion next year.

Mr. Cassidy: You anticipate that for 1978-79, is that right?

Hon. Mr. McKeough: Very roughly, as far as we can figure out from the estimates to date.

Mr. Cassidy: That means a decline in real terms in relation to the rest of the budget. I understand that. But it seems to me—I may change my tune when we come to this again but at this point I am trying to be quite non-categorical or non-confrontationist about this—that accepted practice in budgeting in governments, in anywhere you care to look in fact, tends to say that capital investment does not have to be met entirely out of current revenues, but that there is a grey area here. It is not prudent to borrow every penny of what you put into investments and physical assets, on the one hand, but on the other hand, is the extreme position that you are adopting, a sensible one in most cases?

I would suggest therefore that the question of a balanced budget, the way you have introduced it into public life, has been designed to be a kind of a blue herring. It clearly epitomizes your view of the world and society and the private sector and those kinds of things, but it is not an appropriate kind of an approach in terms of balancing the economy. You said in an off moment—

Hon. Mr. McKeough: It isn't in a Keynesian world.

Mr. Cassidy: I'm talking about a post-Keynesian world, and I understand the difficulties with Keynes.

You said in an unguarded moment a half an hour or so ago that Ontario has been balancing its current budget with one ex-

ception, which was 1975 when you had an election to try to win. In fact, the figures indicate that for 1977-78 our current revenues in the province on your original forecasts would have been about \$500 million more than our current expenditures. With the shortfalls in revenues we have been talking about, you will still have a surplus of maybe \$100 million to \$150 million.

The other day I met with the Treasurer of South Australia—he was a good Labour Party man—and I asked him about this question of a balanced budget. He said “oh, we do it all the time.” I said “oh, that’s very impressive because the Conservatives in this province have had an awful time doing it. How do you do it?” And he said: “Very simple. We have an above the line budget and a below the line budget.”

This is what the British do as well. They always have a surplus above the line on their operating budget, and then they usually have a certain amount from above the line to meet their capital investments below the line and the rest they borrow. Nobody is worried. Everybody feels that they are being perfectly prudent, as they are being, and they have a balanced budget in perpetuity in that particular state.

It seems to me that if you want to talk about a balanced budget in those terms, you will find no particular objections from this party or from anywhere else. But when you say that every nickel of every kind of social investment, every nickel of every kind of infrastructure investment, every nickel of every kind of involvement in the private sector, which your government has undertaken or may undertake, has got to come out of current revenues, it seems to me that’s a very wrong and damaging position to take—and a position which is also very tough as far as the economy of the province is concerned.

I would like to resume when we come back. Can I ask whether the committee would be prepared to consider concentrating on local government on Monday night when I have to be absent, and returning to matters

of economic policy next Tuesday evening? I have mentioned this to you, Mr. Chairman. These matters are covered under the same vote so there is no particular problem in terms of getting the votes to go forward. Mr. Swart is prepared to be here on Monday evening in my place.

Mr. Chairman: Are there any objections to this request? We can proceed on local government on Monday night, and go back to economic policy when Mr. Cassidy can be here. Is that satisfactory to you, Mr. Minister?

Hon. Mr. McKeough: Next Tuesday?

Mr. Chairman: Yes, on Tuesday. On Monday night, local government.

Mr. Cassidy: Obviously if the local government stuff runs out, I presume we’ll revert to economic stuff.

Mr. McCaffrey: Mr. Peterson and Mr. Cassidy both, for different reasons, I guess, expressed some delight almost with this \$300-and-some-million shortfall in revenue. I think Mr. Peterson in particular—

Interjections.

Mr. Chairman: If you have a question, Mr. McCaffrey, will you direct your question through the Chair to the minister, please?

Mr. McCaffrey: It’s really for clarification. The implication was left that the minister, when answering my question in the House yesterday, didn’t really give a complete and full answer. I want to point out something. What I really think Mr. Peterson is suggesting is that people in the ministry use their own projections, which are worked from a dramatically smaller base and which maybe over 10 years have had some resemblance to the federal projections, and to use those is a helluva lot more dangerous and politically improper than to use consistently the federal numbers.

Mr. Chairman: Thank you. This committee stands adjourned until October 24 at 8 p.m.

The committee adjourned at 4:03 p.m.

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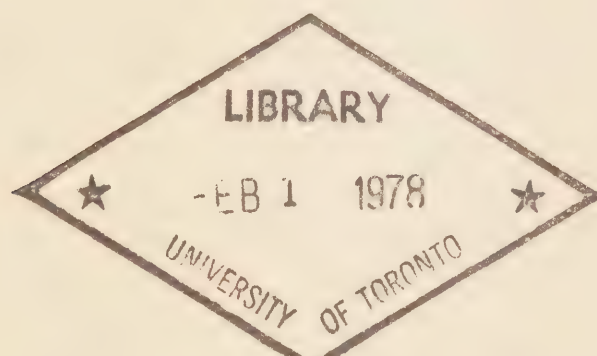
No. G-4

Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Treasury,
Economics and Intergovernmental Affairs



First Session, 31st Parliament

Monday, October 24, 1977

Evening Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

MONDAY, OCTOBER 24, 1977

The committee resumed at 8:06 p.m.

ESTIMATES, MINISTRY OF TREASURY, ECONOMICS AND INTERGOVERNMENTAL AFFAIRS (continued)

Mr. Chairman: We'll call the meeting to order. We're on the second vote, item 2, which includes local government. We're going to be discussing that tonight. Just a reminder for anyone who's speaking from the floor, would they be good enough to come up to the mike? That's for the advantage of Hansard. They have difficulty picking you up, if you don't come up to the mike. We'd appreciate that, if you would please.

On vote 1102, finance program; item 2, fiscal policy:

Mr. Chairman: Mr. Cassidy was speaking and wanted to continue on but I believe he can't be here tonight.

Mr. Hodgson: Too bad.

Mr. Epp: I want to go back on a theme that we've discussed on previous occasions. I'm sure you're slightly familiar with it. That's the Edmonton commitment.

Mr. Nixon: He calls it the White commitment.

Mr. Epp: The Treasurer in 1973 said that to end the impending crisis at the local government level they were going to make a commitment to the municipalities of Ontario. This was in the presence of municipal representatives, federal representatives and other provincial representatives. I suppose the reasons at that time for giving the commitment were so that Ontario could give certain transfers to local government at the same rate as the increase in the revenues in Ontario, that municipalities would strengthen their borrowing capabilities and that any increased revenues that would be given by the federal government would also then accrue to the municipalities.

The municipalities at that time felt it was a good commitment and commended the government of the day for making it. It gave them for the first time some certainty with respect to the revenues they would be obtaining from the province. They could then have longer-term planning and the

province in a sense could have some longer-term planning because they would know what kind of revenues they were going to give the municipalities.

In 1973 and 1974, the province and the municipalities reached the commitment base on what would be in the commitment and what wouldn't. Then a little later on to their dismay the municipalities found out that in the commitment—what was actually made—whereas they thought it was a minimum, the province said it was a maximum. As a result, for the 1976-77 fiscal year the entitlement they thought they were going to get was decreased substantially.

Be that as it may, the municipalities still thought they had some certainty in it, and particularly after the Treasurer made this statement to the PMLC meeting, on September 10, 1976, which stated: "In spite of these severe financial problems, the Ontario government today firmly states that next year's Edmonton commitment transfers will indeed be the \$3,426,000,000 I mentioned before. In other words, should the province's revenue outlook further deteriorate between now and the 1977 budget, the transfers for next year will be held at this total. By the same token, should revenue move the other way, the same holds true. In either case, adjustments will be made in the following year. Today's guarantee is highly worthwhile, from my viewpoint, for the complete and early certainty it provides."

We speak here about certainty and then, a year and six days later, that certainty is completely destroyed when a new formula is created. I just wonder how you can reconcile that statement with what happened on September 16, 1977.

Hon. Mr. McKeough: It seems to me, Mr. Chairman, that within that comment there are two questions—first of all, if there is any change in the formula commitment, and, secondly, the point raised that we don't always deliver exactly what we had intended to deliver. The PMLC raised this on Friday morning with respect to the current year and claimed that we were undercommitting, or undertransferring some \$99 million. I hope I satisfied them that \$69 million, in fact, was delivered in the prior year, and that they

had been charged with it, as opposed to this year, which was simply our ability to transfer some cash sooner rather than later.

With respect to the remaining \$30 million, and we haven't analysed it all yet and I haven't got their figures here as to the differences, but we don't attempt to keep up with in-year changes; in-year changes being, in this current year, a lesser amount of money, for example, being spent in MTC on transit than we originally thought because of the slowdown on the Spadina Expressway.

We don't transfer that in mid-year to some other account. I think there's some indication that there's underspending in education, and there's certain underspending in other areas and overspending in yet other areas, and that works out to a net, on a base of somewhere between \$3 billion and \$4 billion, of about \$30 million. I'm accepting for the moment that their figure is correct, and I have no reason to think that it isn't.

If there is a shortfall of \$30 million, it is simply that once the determination is made as to how much money will be transferred, we don't go up and throw it out the seventh floor of the Frost Building. If more money was needed—and I think last winter is a case in point—for snow removal, for example, then that moves into the commitment and other items which are underspent move out.

I don't think we've been that far off, although the education portion has been off by a considerable amount. Whether it was \$30 million or not I don't know, but it was, as of September 1, our best estimate of what is being spent in this current fiscal year. Therefore, on that basis we arrive at an overage or underage on either the new or old commitment basis for 1978-79, a prognostication of revenues for 1978-79 and, on that basis, the basis of the commitment.

Mr. Epp: Do you anticipate keeping to the present formula for 1979-80?

Hon. Mr. McKeough: I simply don't know.

Mr. Epp: In actual fact then, what we're seeing is a greater reliance on the property tax for the municipalities, which is a very regressive kind of taxation.

Hon. Mr. McKeough: I disagree with that. I'd be very interested in seeing the studies which say that it's a very regressive tax. There are all kinds of studies which indicate that since tax credits it has not been a regressive tax, let alone a very regressive tax.

Mr. Epp: To the best of my knowledge most people consider it as being a regressive tax.

[8:15]

Mr. Swart: Can I have your indulgence to introduce the mayor of Niagara Falls, Mr. George Bukator, who used to be a member of the Legislature?

Mr. Chairman: Yes. Welcome, Mr. Bukator.

Mr. Swart: I want to say something about the Edmonton commitment. I think it's rather a sick subject and I suggest to the Treasurer that your government hasn't lived up to the Edmonton commitment, either the intent of it or the actual wording of the document itself in a number of respects, since it was introduced back in 1973.

As has been stated by the member for Waterloo North, there was a commitment given, and I'm sure you don't need it quoted to you at this time, where the Ontario government stated that it would transfer to local government agencies each year an amount not less than the growth rate of revenue of the province.

The municipalities got their first shock in 1976 when they found out that you were going to recover that massive overpayment of over \$200 million that you had made in the election year because you had cut taxes at that time. They were, as I say, then in a state of shock.

Then, in 1977, when your budget came out in your budget statement and in the book "Ontario Assistance to Local Governments" you reconfirmed at that time the amount that was going to be given to the municipalities in this year. You went even further and made this comment, which is on page seven of that document: "At the same time, as shown in the table, local government will enter 1978-79 with a cushion of about \$100 million in entitlements."

That statement was made in May of this year. Now you have revised that Edmonton commitment so that you're going into next year with the municipalities owing the provincial government, so you say, something far in excess of \$200 million.

Then, of course, the third shock came to the municipalities. A third breach of the Edmonton commitment came this fall in your advance notice to provincial transfers to local government when you unilaterally changed the formula so that, as I said, they owe you \$298 million instead of the \$108 million that you said in May would be coming to them and next year they'd have that credit.

You changed that formula by arbitrarily including such things as teacher superannuations, payments in lieu of taxes, farm tax rebates, Ontario home renewal and regional priorities budgets, always considering all of

them as part of the formula in payments to the municipalities.

Of course, what made the municipalities more annoyed than anything else—and rightly so—was that in every one of these changes you did it unilaterally. There was no consultation in the area of “payment not less than,” there was no consultation in changing the formula, and I suggest that it is shameful treatment of the municipalities.

What I consider equally bad, or worse, is the false impression which you gave to the municipalities in what you were doing this year. In your statement to them of September 16, and in numerous speeches since, you have made the comment that total transfers to local governments in Ontario will not be cut back but will increase by 8.3 per cent, or \$310 million, next year.

You know very well that, in fact, the municipalities and their agencies, exactly the same ones which have been promised a \$421 million increase, are, in fact, only going to get \$177 million increase, and I can trace that through your statement if you want. That is not an 8.3 per cent increase, it is only a 5.3 per cent increase.

Surprisingly enough, you used the exact same wording on page 13 of your statement, where you say: “Nevertheless, total transfers to local governments in Ontario will not be cut back but will increase by 8.3 per cent.” In another speech you made you used exactly the same words as you used in the Edmonton commitment, or your predecessor did back in 1974, when the then Treasurer said in the budget: “The province will increase its transfers to local governments and agencies at the rate of growth of total provincial revenues.”

Local governments and agencies—you have used those exact same words in your speeches since that time and yet they mean an entirely different thing. It's not \$310 million more they are going to get, 8.3 per cent; it is, in fact, \$177 million more, 5.3 per cent. Just to trace the pattern over the last few years, in 1974 there was an increase to municipalities of 14.5 per cent; in 1975—that was an election year—a 24 per cent increase; in 1976 7.7 per cent; in 1977, 7.2 per cent; and in 1978, 5.3 per cent.

I think it's interesting just to trace the increase in your revenues during that same period of time, Mr. Treasurer, because they were far in excess of those transfers which you made to local government in this province.

I had the wrong document before, but now I am quoting from page 17 of your statement, in which you say: “This means a

total assistance to local governments and agencies in the 1978-79 fiscal year will increase by \$310 million, or 8.3 per cent.” That's exactly the same wording that was used in the budget commitment in 1974 but, of course, represents a far different formula.

In 1974, when you increased payments to municipalities by 14.5 per cent, your revenue went up by 19.5 per cent. In 1975-76, your revenue increased by 10.2 per cent—again, an election year—and you cut transfers to municipalities 24 per cent.

In 1976, your revenue growth rate, according to your own figures, was 16.7 per cent, yet you transferred to municipalities 7.7 per cent. In 1977, it was 7.2 per cent, although your revenue increased by 10.7 per cent, and you estimate next year it will increase by 8.2 per cent, yet you are only going to transfer 5.3 per cent additional.

I suggest that's a very far cry from transferring an amount equal to the increase in your revenues, as was the Edmonton commitment. I just simply say that I think it's time we had the commitment legislated so the municipalities know what they are going to get year to year, and then if there's a change in it it would have to be made by the Legislature, not on the whim of the Treasurer of this province.

I would like to ask the Treasurer if it is not true, first of all, that the real increase this year to the same bodies that received the increase last year of \$228 million, is only \$177 million? Is that not correct? It is really only 5.3 per cent. To get the 8.3 per cent and the figure of \$310 million you are using the new formula, which includes all other transfers, but if you were using the same system as you used last year, those same bodies are getting a \$117 million increase, which is 5.3 per cent. Is that not correct?

Hon. Mr. McKeough: I haven't figured that out on that basis.

Mr. Swart: But don't you think you should, because this is what the school boards are going to get? This is what the municipalities are going to get, the Children's Aid Society—all of those bodies that received these transfers last year. Surely it's misleading to say they're going to get 8.3 per cent when they're not.

Hon. Mr. McKeough: I haven't said 8.3, of course, I said they're going to see 6.3. I haven't used the 8.3 figure. It shows up as 8.3 on my books at \$310 million. It shows up as 6.3 on the amount that they will see. I think you'll find that in any number of statements.

Mr. Swart: I have nothing about 6.3 in your speech here which was made to the treasurers and municipal finance officers on September 29, Page 13.

Hon. Mr. McKeough: In the September 16 statement there are all kinds of references. That speech in which I said they would see 6.3 per cent was repeated 12 times.

Mr. Swart: But, in fact, I want to question even that. Could you explain where the 6.3 comes from? You're now saying to the municipalities only, not to local government.

Hon. Mr. McKeough: No.

Mr. Swart: Are you saying that the actual increase to local government and its agencies—

Hon. Mr. McKeough: No. I'm referring to the \$310 million less the \$69 million prepayment.

Mr. Swart: That's under the new formula.

Hon. Mr. McKeough: No.

Mr. Swart: Oh, yes it is.

Hon. Mr. McKeough: Three hundred and ten million dollars less the \$69 million prepayment. Prepayment has nothing to do with the new formula or the old formula.

Mr. Swart: May I take you to your statements? On page 21 of your statement—you have it with you, do you?—that you made—

Hon. Mr. McKeough: No, I don't. I have the September 16 statement with me.

Mr. Swart: Yes, that's the one I mean, the September 16 statement. I'd like to take you to that. On page 21, at the top of the page, there appears this statement: "Allowing for the \$69 million early payment in 1977 per capita grants"—you've included those in 1977 and I don't disagree with that—"there remains \$82 million for actual growth in your calendar year," which is \$82 million more to the municipalities. If you look underneath at the statement there, you'll find that the general legislative grants to school boards are up by \$90 million.

Hon. Mr. McKeough: Yes.

Mr. Swart: The assistance to municipalities and local agencies is given as \$151 million in that table that you have in front of you. That's because of prepayment—it's only really \$69 million. To get the \$310 million you have to add in teachers' superannuation of \$69 million, which is part of your new formula. That wasn't in the old formula, was it?

Hon. Mr. McKeough: Oh, the superannuation \$69 million.

Mr. Swart: That's right.

Hon. Mr. McKeough: Yes, but it was put back in the base.

Mr. Warner: How convenient.

Mr. Swart: You are giving \$82 million to municipalities. You are giving \$90 million to school boards—

Hon. Mr. McKeough: That's right.

Mr. Swart: —which is \$172 million. You're using the new formula for the \$151 million, but if you'll turn back to the page of the five new entries, which is page 18, you will find—

Hon. Mr. McKeough: What you're saying is that we're transferring new money, \$177 million?

Mr. Swart: Yes.

Hon. Mr. McKeough: I don't quarrel with that.

Mr. Swart: New money, \$177 million, and at a 5.3 per cent increase if you worked it out, to local governments and their agencies. Fine. That's the point I wanted to make and I think it is a valid point.

Hon. Mr. McKeough: Not 8.3.

Mr. Swart: Five point three.

Mr. Warner: You might as well scrub it. I don't understand—

Hon. Mr. McKeough: Well, that's an option, certainly.

Mr. Warner: Then why bother having a commitment if you're not prepared to live up to it? That's the question of this whole discussion.

Mr. Swart: Can I just close? I think you would agree with me that that \$177 million compares to what would have been \$421 million.

Hon. Mr. McKeough: No—\$421 million less \$69 million prepayment.

Mr. Swart: Oh, you included that \$69 million in your 1977 and you say so.

[8:30]

Hon. Mr. McKeough: No, you have got to take it off both places. By your reckoning, \$337 million compares with \$177 million. Right?

Mr. Nixon: The good guys are not winning.

Mr. Swart: You state on page 14 that "under current arrangements, total grants would increase by \$421 million in 1978"—

Hon. Mr. McKeough: Less \$69 million prepayment.

Mr. Swart: There is no mention of \$69

million prepayment in that, and in my figuring it is not.

Hon. Mr. McKeough: Well, it should be. If you deduct it in one place, you have to deduct it in the other.

Mr. Makarchuk: For a big guy, he's pretty slippery.

Hon. Mr. McKeough: Not for \$69 million.

Mr. Swart: What's \$69 million?

I would just like to ask the Treasurer one last question. Would you be prepared to give a legislative commitment to local governments?

Hon. Mr. McKeough: No.

Mr. Swart: In other words, you feel that nothing better can be done than this dramatic change from year to year?

Hon. Mr. McKeough: I am not about to take away from the prerogatives of the Legislature or the government their ability to make changes from time to time.

Mr. Swart: I am not asking you take it away from the Legislature. I think that if you have a legislative commitment, you give some firmness—which you would have to admit we don't have at the present time.

Hon. Mr. McKeough: The answer to the question is no.

Mr. Nixon: Mr. Chairman, there are three matters that I would like to put before the Treasurer and ask his views about and perhaps get some information from him and his staff.

The first one has to do with the Edmonton commitment as well, because some of the municipalities in my area have expressed their concern. They feel the new basis for establishing the payment has been adjusted with the results that we have all been listening to so far in this meeting, and that the payments to the municipalities have been unnaturally reduced. Some of us resent, as a matter of fact, the formula that the Treasurer put before the municipal liaison committee and others when—according to my reading of his speech, I thought he was joking, but the people who were there say it was far from a joke—he appeared to be indicating that if justice were done, the municipalities would owe the provincial treasury money.

I felt it was a joke, particularly since the Treasurer, in his re-estimation of the payments that should have been based on the commitment, had indicated that they would be much reduced and that he was being particularly generous in not reducing them still further to bring about the equity that

had been promised by Mr. White, the previous Treasurer.

I have been very impressed, however, with the defence of the formula by the Treasurer. I do not agree with it. I still think to some extent it is a joke, but I realize that, even though I suppose among us in the Legislature we have an irresistible force, he is, indeed, in this connection, an immovable mass.

I would really like to know, however, and have him state, if he believes conscientiously that he is fulfilling the commitment as it was understood when it was entered into by his predecessor at the convention in Edmonton, or if, in fact, this is his way of adjusting what he feels now, whether or not he felt it at the time, was an unrealistic commitment.

Hon. Mr. McKeough: The latter is true.

Mr. Nixon: All right, that is enough for me, because if the Treasurer says he is really adjusting what was an unrealistic commitment, then this has got to be a statement of high policy by the chief financial officer of the government and we can argue that it is not fair and that the payments are unnaturally reduced. But if it is policy to adjust it to what the present incumbent thinks is fair and judicious, then there is nothing much we can do but oppose it in that connection.

Hon. Mr. McKeough: That, by the way, is spelled out in the September 16 statement, without referring specifically to the phrase. We refer to the old commitment, \$421 million—which should be less \$69 million—and that in terms of attempting to hold the line and restraint generally it is unrealistic to think we could transfer to the municipalities and school boards at that level and at the same time achieve a target growth rate of 6.9 per cent. I think I've spelled that out in the statement.

Mr. Peterson: Have you substituted any discernible policy that mere mortals can understand for next year and the year after and the year after that?

Hon. Mr. McKeough: Next year is settled.

Mr. Swart: That's the problem.

Mr. Peterson: And the year after that and the year after that?

Hon. Mr. McKeough: I think in terms of the year after that, if we have tax reform it will be an entirely new world.

Mr. Peterson: What are the factors—

Hon. Mr. McKeough: I think when we decide if we're having tax reform or not—

Mr. Peterson: But if we've decided to back away?

Hon. Mr. McKeough: The Legislature will decide that.

Mrs. Campbell: How nice.

Mr. Dukszta: That's a new policy, is it?

Mr. Makarchuk: You can trust them?

Mr. Bounsall: It seems that the new world is here.

Mr. Peterson: I apologize for interrupting but I think for the sake of clarity and for the sake of some kind of long-range planning which has turned out in retrospect to be impossible under your government, what are you telling the municipalities beyond next year? Zero? And are you still prepared to tell them zero?

Hon. Mr. McKeough: Just referring back to my answer to the question from the hon. member for Brant-Oxford-Norfolk, page seven: "Under the current arrangement, total grants would increase by \$421 million or at almost twice our target growth rate for total spending. I have to tell you, however, that the province cannot afford an enrichment of that magnitude, nor can it be justified in terms of all the competing demands we face for the taxpayer's dollar." I think I've spelled that out.

Mr. Peterson: What about the year after next?

Hon. Mr. McKeough: I have no idea at this moment in time. When grants in lieu of taxes, for example, are probably going to go from somewhere in the neighbourhood of \$50 million, if we have full tax reform, to somewhere in the neighbourhood of \$500 million or \$600 million gross, less net for savings in education grants and other grants, I have no idea what the form of the commitment will be.

Mr. Peterson: Just to assist them in their planning, do you have any thoughts about when your new tax reform will be implemented?

Hon. Mr. McKeough: No. I've said publicly that it is before cabinet, and that our timetable remains the same—which is assessment in 1978 and taxation in 1979.

Mr. Peterson: When do you expect legislation would be forthcoming?

Hon. Mr. McKeough: I had hoped to announce certain steps on September 16, but I was obviously overly optimistic in terms of settling the September 16 announcement in terms of our budget outline for next year on the expenditure side, including Edmonton. That shouldn't be lost sight of—that we really settled the parameters of all our spending for 1978-79 prior to the announcement on September 16. It was not possible to come to

grips with tax reform and we are still very much seized of that topic. How soon we'll get back to it and how soon I will be able to put in front of cabinet and others all the data so the decisions can be made properly, I simply don't know at this moment.

Mr. Peterson: We have no idea at this point how this will impact on the specific municipality or community? Is that right? We don't know what—

Hon. Mr. McKeough: We have on some of them. We don't know on all of them.

Mr. Peterson: You haven't made that public—what that data based upon which you—

Hon. Mr. McKeough: They have received most of the market value assessment total figures and therefore would have some indication of the shifts that may take place between classes of property. They also would have some idea, as evidenced by the concern of Windsor and Sarnia for example, of how well or otherwise they have been done by under the present assessment arrangements. But the formula to adjust to that has not yet been finally determined by cabinet and hence I can't put it in front of you here tonight.

Mr. Chairman: The member for Brant-Oxford-Norfolk had the floor.

Mr. Nixon: Right, I just wanted to pursue this very briefly.

In establishing in my own mind and in the minds of the people with municipal responsibilities in my area, talking about the Edmonton commitment is henceforward, and really now, an anachronism. While the Treasurer might very well like to fulfil the concept of increasing municipal assistance from the provincial treasury at the rate as our revenue is growing, he has essentially said that he is not doing that now. He would hope that he could but he doesn't really intend to use that as a basis for the calculation, so we're back to the status quo ante when he was formerly Treasurer—where the treasury does the best it can in conjunction with the policy established by the government for fostering municipal projects and assisting in municipal finance. In fact, the Edmonton commitment is now a dead letter—

Hon. Mr. McKeough: No, I wouldn't say that.

Mr. Nixon: Okay. The second thing I want to deal with—I mean, we're getting it both ways and I can't cope with that—I don't know. I guess he'll say what he likes about it.

Mr. Peterson: Would it be fair to say, Mr. Treasurer, that the philosophy of your ministry and probably of the government, is com-

mitment if necessary, but not necessarily commitment?

Hon. Mr. McKeough: No, I wouldn't say that. What I would say is that commensurate with our responsibilities for all the taxpayers, not just a particular group of taxpayers—in this case property owners—we've taken the first step to broaden the base somewhat more realistically of what should or should not be included in that commitment.

I don't think we will achieve this overnight, or we may go very much the other way in the initial phases, but it would be my broader aim, no more nor no less, to see transfers to the municipalities and school boards increase at the same general rate as the provincial revenues. But whether that's how the commitment, if there is to be a commitment, is ultimately redefined, I can't say at the moment.

Mr. Nixon: If there is to be a commitment?

Hon. Mr. McKeough: If there is.

Mr. Nixon: You mean a new commitment? I mean, there is one now. You just said there still is.

Hon. Mr. McKeough: If there is to be a new commitment.

Mr. Nixon: Right. The second point I want to raise is a somewhat different one but has to do with municipal affairs, Mr. Chairman, if you'll permit it. There is at least one situation in my constituency, which the Treasurer is familiar with—

Hon. Mr. McKeough: I'm sorry to interrupt. The fact is by the end of 1977-78, we will have delivered, practically bang on, the cumulative amount under the commitment. On September 16, we said that the commitment level was \$11,650 million and as of September 1 we had estimated that we would transfer \$11,632 million, which was a difference of \$18 million. As it turns out subsequent to September 1 and September 16, those figures probably go the other way. The commitment level drops and the transfer level, presumably, has not changed, to my knowledge, since September 1 or September 16—it may have changed marginally. But I would suspect that after a four-year period since the commitment started we probably will have delivered, on a total of \$11.5 billion, roughly, by the end of 1977-78. If we publish this table of the original commitment, we will probably be overpaid. My guess would be \$22 million as it now stands.

Mr. Nixon: And that includes the tax rebates to farmers?

Hon. Mr. McKeough: No, that's under the existing commitment.

Mr. Nixon: I see.

Hon. Mr. McKeough: Under the old commitment we will probably be, by the end of this year, virtually in balance—minus 18, we said on September 1. Obviously with a downward revision in our revenues we will be probably \$20-odd million ahead.

[8:45]

Mr. Nixon: If you will permit me again—and I really do not want to return to this but you did, for me—what you are really saying is that you are fulfilling the White commitment—almost.

Hon. Mr. McKeough: The White commitment will be fulfilled—well, I think I said that in the statement too, that at the end of this year we will be in virtual balance. I think I showed us at minus \$18 million, but our figures now and they obviously change every time our revenue forecast changes—show that it is probably plus \$20 million over the four-year period.

Mr. Epp: How does that reconcile with the—

Mr. Chairman: Order. May we have just a little order here? We have a list and I don't mind the members hopping in with the odd question, but it does present problems if it happens too often. If I can have your agreement on that, we can maintain a list and keep some semblance of order. If on occasion members do have a question, I don't mind them interjecting but I think it can become rather disorderly if it happens too often. Mr. Nixon, are you finished?

Mr. Nixon: No. Some of the municipal officials in my constituency whom I was referring to were quite concerned when the Treasurer informed the Municipal Board by letter of the stance of the government, as expressed by himself as chief planner, in the situation involving the Simcoe county-Barrie annexations. Remember that?

Hon. Mr. McKeough: Yes, but I would prefer to deal with that under vote 1105-1, which has to do with administrative matters pertaining to local government.

Mr. Nixon: Oh, I thought tonight we were going to deal with—

Hon. Mr. McKeough: I thought just monetary aspects of local government.

Mr. Nixon: I see. That is it, Mr. Chairman.

Mr. Chairman: Mr. Hodgson is next, but Mr. Swart has one question with respect to

the Edmonton commitment. Would you permit him to go ahead of you?

Mr. Hodgson: Sure.

Mr. Swart: I want to pursue further, if I may, the question of the \$421 million which would have been paid and the \$69 million. If you will turn to page 15 of your statement, you will see there the actual transfers, as you are well aware. I would like to ask you where that \$69 million is included and, in doing so, suggest to you that it can't be included in the 1976-77 payments of \$3,103 million because that represents the actual increase that was given. Since it is included in the 1977 figures, you would not transfer it to the 1978 figures; in fact, if it was included in 1977-78, then there was \$421 million owing. If that is not right, I would like to have it pointed out.

Hon. Mr. McKeough: This is the unrevised Edmonton commitment?

Mr. Swart: The unrevised Edmonton commitment, page 15.

Hon. Mr. McKeough: Right. The \$69 million is in the \$3,103 million. If you want to take it out of the \$3,103 million and put it in the \$3,327 million—which is the way the municipalities see it—in calendar 1977, as opposed to fiscal 1976-77, then you are within \$30 million of the estimated 1977-78 figure.

Mr. Swart: I dispute that it is in the \$3,103 million. If it is in there, that means there was and you can correct me if I am wrong a \$223-million increase from 1975 to 1976. In fact, that was that increase which was given to municipalities in that period of time. Apart from the \$69 million, that was what was given them according to your previous records. Or is it just that the \$3,327 million does, in fact, include that \$69 million? It cannot possibly be in that \$3,103 million.

Mr. Chairman: Would you identify yourself, please?

Mr. Ploeger: My name is Henk Ploeger. In the 1976-77 column the \$69 million we are talking about here was paid at the tail end of the 1976-77 fiscal year and might have fallen into 1977-78.

Mr. Swart: I know when it was paid.

Mr. Ploeger: To the local governments, it made no difference; they received it in their 1977 fiscal year. If you take it out of \$3,103 million, the overpayment of \$102 million shown there would drop to an overpayment of only \$33 million and the \$3,327 million in the subsequent year would go up by \$69 million to \$3,396 million, making the

underdelivery in that year, instead of \$120 million, only \$51 million. The net balance between the two fiscal years would still remain minus \$18 million. Nothing changes.

Mr. Swart: But you're missing my point. Are you saying, in effect, that some of that \$69 million of the 1977-78 is included in the \$3,103 million—

Mr. Ploeger: All of it.

Mr. Swart: —which means, in fact, that fiscal transfers under the Edmonton commitment in that year amounted to—well, \$69 million from \$223 million—

Hon. Mr. McKeough: Excuse me, are we talking about two separate \$69 millions? We're talking about the prepayment.

Mr. Swart: I'm talking about the prepayment

Hon. Mr. McKeough: Okay.

Mr. Swart: But if you include it in the \$3,103 million, that means there was only \$154 million in Edmonton commitment increase given in that year—and that is not according to your other statistics.

Mr. Ploeger: That sounds close, yes. Don't forget, sir, that in 1975-76 there was a gigantic overdelivery of \$212 million, leaving a net overdelivery of \$113 million; so 1976-77 was that magic year when transfers, by and large, were increased arbitrarily by 5.5 per cent to recapture the overpayment to some degree. As it turned out, at the end of March the additional \$69 million was added in there for unconditional grant prepayment.

It doesn't matter which fiscal year you put it in, you still end up at the end of 1977-78 with a minus \$18 million, which in the meantime, courtesy of a reduced revenue growth rate, has turned around to a \$20-million overpayment on that basis.

Hon. Mr. McKeough: In this book, "Ontario Assistance to Local Governments," if you look at page eight, you will see that table which shows the total financial transfers in 1977-78 of \$3,419 million, whereas in the budget the figure is \$3,350 million, which is the difference of \$69 million. They would see \$3,419 million in their calendar 1977, whereas in my budget I accounted for \$3,350 million.

Mr. Swart: I recognize that, I still dispute these figures. However, that's something we can go into further at another time. In any event, we've arrived at the, I think, unanimous decision that it is \$177 million this year over and above last year, or 5.3 per cent.

Can I ask one more question, Mr. Chairman, because it was raised by the member for Brant-Oxford-Norfolk, who has now left? At one of the meetings of the PMLC, when he was asked the straight question whether he would again change the formula without consultations with the PMLC, I understood the Treasurer to say he would not; that although he unilaterally changed it this time, there would be no further change without consultations. I just want to get that on record here. Is that correct?

Hon. Mr. McKeough: That's correct.

Mr. Hodgson: After a question was asked by the member for Brant-Oxford-Norfolk, I think I'm in the right place to ask this question, in the right vote. As the minister has all his financial people here and he would like to get the financial part of it done, my question is on local government, namely, representation on regional government. If I could be afforded the privilege to ask a question later on I think maybe we should stay on the finances.

Mr. Chairman: That would be vote 1105 more properly. Is there anyone else under this local government vote, which has to do with the Edmonton commitment?

Mr. Warner: Thank you. I was waiting patiently. I just had one more question before we put this whole business to rest. As we are all aware of now and as you yourself mentioned, you felt that it was an unrealistic commitment in the first place. We have moved from the Edmonton commitment to the Chatham commitment, I suppose. Where do we go from here? In earlier questions you indicated you couldn't plan more than a year in advance. That seems to be contrary to what some planning people would say. Mr. Robarts in his commission report on Metro Toronto suggests three years for a planning period with respect to finances, particularly grants that should be coming to Metro Toronto from this government.

Do we just leave the municipalities in limbo, if you dismember the previous commitment that was arrived at in Edmonton? Are you suggesting that we just leave it in limbo or would you be looking for some kind of forum here in Ontario to meet with the municipalities and actually conjure up a new type of agreement where we can operate ad hoc? What kind of a message is there for the municipalities? Secondly, could you give us some good solid reasons as to why we shouldn't be planning for more than a year at a time?

Hon. Mr. McKeough: The first thing that has to be said is that I agree completely with

the business of planning ahead. Although I have been maligned about the Edmonton commitment—and so be it—the fact is that I have introduced, or there has been introduced under my regime, for lack of a better word—

Mr. Laughren: Regime? That's appropriate.

Mr. Warner: It may haunt you one day.

Hon. Mr. McKeough: —the most significant parts of the Edmonton commitment, or of the process of the Edmonton commitment, that is, for two years running—really three—we have moved the process forward. The municipalities sometimes tend to forget this and I'm not sure they're entirely happy with it. Basically, in September we have starred out the amount of money which by a variety of grant regulations, legislation and policy will be available to local government and school boards. That process used to go on, I guess, for as long as April. We have moved that whole process forward. Last year it was September 10; this year it was September 16. That is a part of the whole process which I would hope to keep and, if possible, improve on.

In terms of making a projection of more than 15 months or moving it ahead six months—and perhaps that's a fairer comparison—at this point I simply don't know. The world is about to turn upside down in many respects with tax reform and property tax re-assessment. I'm just giving one example. Until we know whether we're going to be paying the existing \$50 million in current tax rebates, for 90 per cent of that total amount, which is somewhere around \$150 million or \$160 million, I don't know how much flexibility, or at least I don't know how much money is going to be available for other transfers. Until that is settled, I really can't answer the question that you pose.

[9:00]

I think we are in a hiatus period until we get some very basic questions settled; I don't think it will all happen over night. But even once they have been decided, even if it takes a three year or five year phasing in program—and I am guessing at this—it may be possible with some certainty, if the municipalities want it, to lay out some forward plans.

Mr. Warner: My question about refashioning a new kind of agreement—do you have any plans as to how you are going to approach that?

Hon. Mr. McKeough: Not until we settle the other part, the basic part. One step at a time, Dave; I just have not got that far in my thinking.

Mr. Warner: So for the following year, you

are looking forward to taking the kind of agreement that you have now with whatever you have thrown into it and using that as the basis on which to operate. You don't envisage that between now and a year from now we are going to see a different kind of planning process for the municipalities?

Hon. Mr. McKeough: I would like to be able to answer that question, except that I certainly do not know what is going to happen in 1978 for local taxation in 1979.

Let me give you just the one example which I have been using, in terms of property tax assessment and, therefore, the tax reform which will go with it. We are basically looking at a property tax system which in 1976 brought in about \$3 billion. During that year, depending on whether you use the old commitment or the new commitment—but that does not matter—we transferred to them \$3.5 billion which is a total of \$6.5 billion. The whole new system is being devised on the basis of \$3 billion and \$3.5 billion. I do not think that is realistic but that is the only way we can devise it at this moment.

Take one single element of that—golf courses, because that stirred up a lot of problems. There are golf courses, for example, which are presently paying taxes in the neighbourhood of \$40,000—rightly or wrongly—and without the benefit of the assessment review court and, probably, appeals right on through. There is one which would go to \$400,000-odd. I think that in terms of common objectives—and I am not a golfer—that is probably undesirable; it is politically out of the ball park and, therefore, you go back and start redesigning just what you are doing on golf courses. I think—and this is a guess—total golf course taxation in the province is probably somewhere around \$5 million. Under market value it might go to \$10 million. Some of it should happen.

There is a golf course—not in my riding but in the riding of the member for Kent-Elgin (Mr. McGuigan)—a very adequate course, I would say, with a reasonable clubhouse facility and so on which is paying, I think, \$798 in taxes.

Mr. Cunningham: It is too much.

Hon. Mr. McKeough: Some would say that they should be paying something more than that. That would be about the taxes on a single-family home—a little bit more than a single-family home in Waterdown and probably less than a single-family home in Blenheim where that particular golf course is.

Somewhere between saying that the guy who is paying \$798 or whatever the figure is,

should be paying more and that it is unrealistic for somebody to go from \$40,000 to \$400,000, we try to design a new policy which, when we have it designed, will be put in front of the municipalities and the golf course people, the Legislature; and it will obviously evoke a lot of debate. But if we cannot hit them for \$10 million versus \$5 million now, we are probably looking at something—and I don't know what we are looking at at the moment—but something that will bring in \$6 million or \$7 million.

That is fine, except that the three we lose out of the total property taxes of \$3 billion has to be reassigned someplace else. Now, \$3 million, even on single-family houses across the whole province obviously is not going to make that much difference. But that is the reason, it is not a cabinet delay. That is the sort of change we have been making almost daily; and every time we make them we really have to take the whole bloody province and run it through the computer again.

Mr. Peterson: It is \$10,000 every time you crank that machine up.

Hon. Mr. McKeough: No, this will be a little cheaper, but until we get the answers to those questions, I can't say what form our commitment's going to take. That's my problem.

Mr. Warner: I raised it simply because after last year's experience and the announcement made earlier this year, in September, municipalities are very anxious to see what is going to happen from here on.

Many of them view what has happened as being the abandonment of what they thought was a firm commitment. I am not aware of what reasons led you to say that it was an unrealistic commitment in the first place. I think that might be interesting to hear. But for whatever reasons, you have altered the commitment and they are anxious about it.

Hon. Mr. McKeough: It is unrealistic that roughly 30 per cent of our expenditures continue to grow. Let me put it this way: I have to raise my taxes and 30 per cent of whatever I raise them by, right off the top, goes into the municipalities and school boards. I don't begrudge that, particularly, but at a time when we are trying to slow down our rate of spending, that becomes more and more difficult. Can we live with increasing our transfers at the same rate that our revenues are growing or, on the other hand, I would have to say to you that when you look at our revenue growth, I am not sure that the municipalities and school boards are going to be satisfied with that.

I have said this to the municipalities and they have got some of the rhetoric out of their system. But it is very difficult. I am not shucking any of the responsibility—but these are not decisions taken by me alone, far from it. I put a municipal point of view to cabinet, but cabinet ultimately makes the decision as to whether the municipalities are going to have a growth rate of 6.3 or 5.3 or 10.3 or 12.3 per cent. And that competes with a lot of other things like urban transit and general welfare assistance, and a host of other things. The fact is that no matter how the figures are twisted, own-account spending by the province this year is going up very, very little.

Philosophically, there may be disagreements with a 6.9 per cent spending target increase. But that having been adopted as government policy, it's very hard—and I think I said this in one speech—to say to the municipalities that you are going to get eight or nine and Keith Norton is going to get four. I think that's what is unrealistic.

Mr. Warner: Okay, fair enough. I just had a question for the chairman. The business of tax reform, does this come under this vote?

Hon. Mr. McKeough: Property tax reform? Yes.

Mr. Chairman: This vote includes the Edmonton commitment, assistance to local government, property assessment, and tax reform, and grants reform. So it would come under this vote.

Mr. Warner: I will yield to other members, if my name can go on the bottom of the list again. I'd like to raise something on the tax reform.

Mr. Chairman: All right.

Mr. McCaffrey: I am the first to recognize, I think, that the world has changed substantially since 1973 when commitments of one kind or another were made. Although I have had no municipal experience at all, I am sensitive to the problems municipalities must be facing in the light of these changes. But property owners, too—those who are thinking about it—have to be concerned with all of these changes which seem to be leading inexorably to more pressure being put on property taxes. Is that not a fair conclusion, in light of the changes we have just been talking about?

Hon. Mr. McKeough: No. Property taxes as a percentage of disposable income have fallen, and fallen quite dramatically. I haven't got any of those figures right here in front of me, but 10 years ago property taxes in this province, as a percentage of disposable

household income, were better than three per cent, and they are now down somewhere around two per cent.

Mr. Laughren: Does that include tax credits?

Hon. Mr. McKeough: That doesn't include tax credits. You could make a good argument that it should. That's an argument I lost with the staff.

Mr. Ashe: They are about half now, aren't they, net?

Hon. Mr. McKeough: Yes, it's pretty hard to tell somebody whose taxes today are \$1,000 and 10 years ago were \$500, that he's better off. He never goes back and looks at what he was making 10 years ago, but as a percentage of disposable income or household income the figures show that property taxes actually have fallen.

The other point to bear in mind is, of course, and with the greatest of respect to Mr. Epp, the regressivity—I'm not saying it can't be improved on, but the tax credit system means that my taxes have, in fact, gone from \$500 to \$1,000 and I can afford to pay it. There are lots of people whose taxes have gone from \$200 to \$500 and they're getting three-quarters of that by way of property tax credit with our money, with money which the Legislature approves.

I'm not in politics to take credit for something, although we have this battle—

Mr. Peterson: Go ahead if you can find anything.

Hon. Mr. McKeough: —continually. It's pretty hard to prove to all kinds of people that their property taxes are being substantially reduced by way of property tax credit, which despite the fact it's a blue form on the federal income tax they get the cheque back from Canada for the refund, even if it's the full amount.

I must say that I go to bed a little bit easier at night and don't worry quite as much about property taxes as I would have five years ago, because we have property tax credits. We can get into that discussion, but they are in need of change.

The apartment renter is getting more in property tax credit than he should be versus the single-family home owner, because property taxes are not as high a proportion as they were originally estimated, and they're in need of revision. We've been holding off on that and may well hold off for another year until we see the dimensions of tax reform.

Those precise figures are, in Waterloo, for example, the property tax as a percentage of household income was 3.2 per cent in 1971

and had fallen to 2.6 per cent in 1976. That's gross, before property tax credits.

Mr. Peterson: While you are on that subject, perhaps you could just discuss your campaign commitment to bring increased relief to senior citizens in that area. What's the status of that?

Hon. Mr. McKeough: I think the mechanism for that will be—and that's not entirely settled—

Mrs. Campbell: Seventy-five million dollars?

Hon. Mr. McKeough: —will be through the tax credits, and I'm anxious to see the dimensions of tax reform before we start reforming the tax credits.

Mr. Peterson: That wasn't an immediate commitment in the campaign?

Hon. Mr. McKeough: No, no.

Mr. Laughren: In the fullness of time.

Mr. Cunningham: You didn't say that during the campaign?

Hon. Mr. McKeough: No, we said we would do that over a period of time—

Mr. Peterson: In the fullness of time.

Hon. Mr. McKeough: It would be my hope that we would do it in the next two or three years through the tax credit mechanism.

Mr. Peterson: As I recall, it was kind of fuzzy at the time and I didn't really understand it—it could be my ignorance—but do you have any more specific ideas on how that's going to be accomplished?

Hon. Mr. McKeough: You could boost the tax credit for those over 65.

Mr. Peterson: Is that your plan?

Hon. Mr. McKeough: That's the present plan, unless somebody comes up with some better way of doing it. Obviously one would like to have a greater identification with it.

Mr. Peterson: Just so I'm clear, nothing will be done until there is property tax reform to market value assessment?

Hon. Mr. McKeough: Not necessarily. That's a decision which is not yet taken. You're asking me what I propose to do in next year's spring budget, and that's something I don't know.

Mr. Peterson: We're asking that and we're also asking about two and three years out. We're trying to get some kind of handle, and you're very craftily eluding it.

Hon. Mr. McKeough: The answer to your question is that I do not have a firm timetable on when we propose to implement that part of the charter.

Mr. Cunningham: When are we going to discuss regional governments?

Mr. Chairman: The fifth vote.

Mr. Cunningham: Fifth vote? Thank you.

Mr. Swart: Are we still on the Edmonton commitment? If we're not, I would like to be on. If we're moved on to the assistance to local government—

Mr. Chairman: No, we've moved on. We're all over the place.

Mr. Peterson: Are we still on Blair?

Mr. Swart: We're not to Blair yet.

Mr. Chairman: Order. We started out with the Edmonton commitment and then we moved on, and the other matters—

Mr. Peterson: Is that vote 1105(1)?

Mr. Chairman: No, 1102(2), and 1102(2) includes Edmonton commitment, assistance to local government, property assessment and tax reform, and grants reform. If any of the members want to talk about any of those things, they're in order under 1102(2).

Now we have Cunningham, Campbell, Makarchuk, Warner and—

Mr. Swart: Mr. Chairman, might I point out that there was no formal moving on to the next one from the Edmonton commitment?

Hon. Mr. McKeough: We take all those four together.

Mr. Swart: You mean the next time I can carry right through with all the rest of it when I get the floor?

Mr. Peterson: Sure.

[9:15]

Mr. Chairman: That goes for everyone. If you wish me to take it item by item, I can do that, but there was no delineation in the main estimate. The simplified guide which I have and I think all the members have, indicates the breakdown of item 2.

If you want me to deal with it item by item, as indicated in the simplified guide, I can do that, but I was taking the entire—

Mr. Swart: Mr. Chairman, may I just point out on a point of order, though, at the start you did say we were going to deal with the Edmonton commitment. I started on the Edmonton commitment, dealt with it and then quit. I wasn't finished with the whole vote, by any means.

Mr. Chairman: I understand.

Mr. Swart: I assumed that you were going to then call the second item and I would have had my hand up immediately on that, the assistance to local government, because I have some comments that I want to make on that.

Mr. Chairman: All right. I don't think there's any problem with that.

Mr. Swart: I'll defer to Mr. Epp, if he wants to lead off on this.

Mr. Epp: I think Mr. Cunningham wants to finish up with the points that he wanted to make, then I'm prepared to start with the Blair commission report.

Mr. Chairman: Why don't we do it this way: We'll complete the members I have on the list and then we can deal with it item by item. Would you wish to do it in that way?

Mr. Swart: What are the members on the list going to talk about? Are they going to talk about the whole gamut? If they are, I think we should stick to the point by point. It was kind of agreed the other day, Mr. Chairman, and I thought we'd started off that way today. I think we should revert to that now.

Mr. Chairman: All right. There's no problem. We can deal with it item by item. Let's do it that way. Is there any further discussion with respect to the Edmonton commitment?

Hon. Mr. McKeough: Could I just point out that I had a little note there that there is a series of transfers under vote 1105 on page G107, Mr. Chairman, and it would be helpful if there are any questions on those. I'm not hung up on this, if you want to come back to it later.

There is a series of things there: payments in lieu, taxes on tenant-occupied property, that's OHC; payments with regard to Great Lakes flood damage; student involvement in municipal administration, that's a summer program; payments under the Provincial Parks Municipal Tax Assistance Act; municipal language training, Moosonee Development Area Board; Part III of the Municipal Affairs Act, municipal organizations—MLC, BMR, municipalities, and, counties and regions, conference on local government, and so on.

These are just items of assistance to local government which, although they come under vote 1105, I've tended to look at as an organization vote rather than as a money vote.

Mr. Epp: Mr. Chairman, may I ask the Treasurer, since he alluded to this page, whether he would elaborate on that Moosonee Development Area Board? What is its function?

Hon. Mr. McKeough: Moosonee Development Area Board is a unique form of municipal organization. We count it as one of the 837 municipalities, I think.

In stature it was a unique form which was smaller than an improvement district. An improvement district basically should be self-supporting after a period of time. We generally put some money into them at the beginning by way of organization, but I think the feeling was Moosonee will probably not for a long time, be a self-supporting municipality. That was recognized in the legislation. The form of it is similar to an improvement district in that we make the appointments. They operate under the Municipal Act, I guess, pretty well.

Mr. Cunningham: A special Act.

Hon. Mr. McKeough: A special Act, but the Municipal Act would apply *mutatis mutandis* as an improvement district. This year, we put in \$285,000, which I guess would be half of its budget—that's roughly what it's been running—or more than half. They collect something less than \$100,000 in property taxes and we put in the rest. One would like to be optimistic but you can't see that changing.

Mr. Epp: What population are we talking about?

Hon. Mr. McKeough: Moosonee is about 2,000 I guess.

Mr. Epp: So it's regarded as close to a lower tier municipality?

Hon. Mr. McKeough: Yes, attached to nothing else. I guess it's probably part of the Cochrane homes for the aged or Cochrane welfare board. It may have some loose attachments but it is really very much on its own.

Mr. Epp: Okay, thank you.

Hon. Mr. McKeough: The only quarrel over the years has been that they should be elected and, in fact, for the last three or four years they have chosen their own people in a nomination meeting and given us a list of three of whom we've appointed one each time there was a vacancy. They elect their own chairman. The only significant area in there worth commenting on is that we would still be mindful that at some time Moose Factory, which is unorganized and which is a federal reserve and largely Crown property—but some of that property is in private hands now being sold off—it is hoped that they will become one and the same or somehow come together at some point.

Mr. Chairman: Is there anything further with respect to the Edmonton commitment? We'll get that one out of the way. Is there nothing further on the grants?

Mr. Makarchuk: Yes, on the grants, Mr. Chairman, not the Edmonton commitment.

Mr. Chairman: This is under the Edmonton commitment.

Mr. Makarchuk: No, but it's on their—

Mr. Chairman: We're on vote 1105.

Mr. Makarchuk: I'm sorry, when did you get to 1105?

Hon. Mr. McKeough: I just thought it would be helpful, under the Edmonton commitment, if we handled that string of grants on page G107, but I'm not hung on this. If you want to leave it until later, fine. Do you have a grant to ask about?

Mr. Makarchuk: No, I want to speak on the fiscal policy, vote 1102.

Mr. Chairman: Okay, then we'll move on to assistance to local government. Mr. Cunningham.

Mr. Cunningham: Mr. Chairman, I put these comments forth in the hope that they are germane and appropriate. You can rule accordingly.

First, I should say that at this particular time the estimates have usually been an occasion for the hon. Treasurer and myself to embark upon some discussions about the inefficiencies of regional government in my area, which, of course, had a profound effect on the local municipalities. I guess on previous occasions, recognizing that we weren't in power and we weren't able to do what we wanted to, we'd ask for a regional review.

I'm pleased to say that such a review is now in process and, while no submissions have been heard, the review will take place and, hopefully, afford not only the hon. Treasurer and the members of the executive council some understanding as it relates to the inequities that are currently existing in my region but, hopefully, some understanding of other regions and what might be done to make government more efficient and more responsive.

To that end I ask you, Mr. Chairman, for your guidance, to tell me whether this is appropriate at this time or not. I am of the view, in my own personal disposition, that possibly a restructuring of regional governments to accommodate, if the Treasurer wouldn't mind, local governments should the commissions rule to that effect.

Mr. Makarchuk: Mr. Chairman, are we discussing this in this vote or are we going to go to 1105?

Hon. Mr. McKeough: Do you want to talk about the review and the restructuring?

Mr. Cunningham: No, I don't want to talk about the review. I want to talk about what we might do to local governments should the review rule that, in fact, local government

should dominate and that the power be restructured to local governments and how we might effect greater funding.

Mr. Chairman: With respect to the member for Wentworth North, I would suggest that that kind of comment would more appropriately be made under vote 1105, restructured local government.

Mr. Cunningham: I see here under the headlines that this is assistance to local governments and for general discussion. I thought it would be appropriate at this time.

Hon. Mr. McKeough: It's part and parcel of Edmonton, but I—

Mr. Cunningham: As that's the way you have it structured. I would assume that that would be here.

Hon. Mr. McKeough: Under vote 1102, item 2, fiscal policy, the \$371 million is unconditional grants, our grants to local government and the money that we pay out to all municipalities. If we're talking about Hamilton-Wentworth, I'd sooner keep that to vote 1105.

Mr. Chairman: Has the member for Wentworth-North finished?

Mr. Cunningham: I ask that my name be put on the list for 1105.

Mrs. Campbell: I really am rather confused at this point. Let me take us back, if I may, for a moment briefly to the Edmonton commitment and the changes which have been made in the understanding at least—and, as I see it, in the formula under the new Treasurer.

Mr. Chairman: With respect, is the member going back to the Edmonton commitment?

Mrs. Campbell: I'm trying to put in context my question which relates in part to the Edmonton commitment and in part to assistance to local government. The Treasurer has been discussing with Mr. Warner and others factors such as the assessment factor in trying to explain to us why he is not in a position at this point in time to come up with anything more specific. What I wanted to relate to is another factor and, I'll be frank with you, I don't know by now what vote it comes under.

Mr. Chairman: Just go ahead.

Mrs. Campbell: We have discussed the assessment relationship but how does the Treasurer see his formula for any kind of a commitment as it relates to the proposals of this government to transfer, I think in terms of this government more autonomy

and in terms of the municipalities more responsibility to the local municipalities for programs which have been rather assumed by the province? How does that relate to the kind of thinking, physically, that he is doing?

I welcome the fact that the Treasurer said that has moved to the September date rather than the April date or later when we got some of the impact of it. But how does it help, if in fact the local governments or the regional governments are not yet in a position to understand what their responsibilities are going to be financially on the transfer of these payments? Does that come under the Edmonton agreement or what? I don't know.

Hon. Mr. McKeough: I think if it's the reorganization of the Municipal Act and the powers of local government versus the powers of the province, then that's 1105.

Mrs. Campbell: I'm sorry, I wasn't thinking in terms of the powers. I'm thinking in terms of the commitment, which is another form of commitment, by this government to the municipalities that they shall have greater autonomy, which in their eyes means they shall have greater financial responsibility. Is that in keeping with the rate of increase that the Treasurer is discussing at this point?

Hon. Mr. McKeough: I suppose the two things are tied together.

Mrs. Campbell: I would think somewhat.

Hon. Mr. McKeough: But I don't know that I can add anything to what I've said about Edmonton, specifically in terms of powers, not all of which have monetary strings attached to them. Sometimes that's forgotten. That really would be under 1105.

Mrs. Campbell: I was thinking in terms of your own policies in your own government when, for example, you have a whole unit of Ontario Housing packaged and ready to go to Metro. That may be under Metro but if you're going to do it at Metro you're presumably going to do it across the province. What financial arrangements—

[9:30]

Hon. Mr. McKeough: If we do it at all, it will be 1105.

Mrs. Campbell: Okay. I give up.

Mr. Swart: I hope what I have to say fits within this category and I think it will. I want to deal with the question of what the change in assistance from the provincial government has done to the local tax

situation and the impact of that on different categories of wage earners of those taxpayers.

I will concede immediately, as the Treasurer has stated, that in the last 10 years the percentage of average income being paid in property tax has lessened. But if that is true, it is also true that all of that took place during the first seven years and there has been a substantial reversal since that time. And that reversal has taken place because there has been this change in the level of assistance provided to local government.

In the document that was tabled with your advance notice to local government—I hope that you have that with you, Mr. Treasurer—it is pointed out that the percentage increase in the residential mill rate from 1974 to 1977 in total has been 43.5 per cent. In three years that has been the increase in the mill rate—an average of 12.8 per cent per year. That, of course, is far higher than the AIB guidelines, but, in fact, the amount that they are paying is substantially higher than that—the increase has really been greater than the 12.8 per cent per year. The average residential taxpayer is paying substantially higher than that, Mr. Treasurer, and I think that is what we have to deal with—not the mill rate. Not only does the mill rate increase, but that average assessment per resident also increases. You point this out in your 1977 "Ontario Assistance to Local Governments." You state in there, on page 10, when you are talking about resource equalization grants—

Hon. Mr. McKeough: I don't want to interrupt the member, but he is talking about spending, not mill rates.

Mr. Swart: I am talking about, on page three, the percentage increase in residential mill rates, 1974-1977.

Hon. Mr. McKeough: Can I see it? Okay, go ahead.

Mr. Swart: Now you have got my paper taken away from me. That is a nice ruse, Mr. Treasurer.

Hon. Mr. McKeough: I am sure you have it memorized now.

Mr. Swart: I do have it memorized, yes. But that, as you'll see, Mr. Treasurer, says there has been an average 12.8 per cent increase for the last three years in the mill rate. I am saying to you that that doesn't represent the average increase in taxation on residential property, because the average assessment increases also from—

Hon. Mr. McKeough: No. Not from 12 per cent but to—

Mr. Swart: Just let me finish, if I can.

The Treasurer says it doesn't. I quote from his statement, "Ontario Assistance to Local Governments," page 10, resource equalization grant. Let me quote: "The standard has been raised from \$10,400 to \$10,650 to reflect the increase in average per capita equalized assessment in the province." That's a 2.5 per cent increase, in average equalized assessment. That means—

Hon. Mr. McKeough: That would include commercial and industrial assessment. As the member is aware—

Mr. Swart: It says "per capita" and in fact the residential has gone up higher than that because, as you know, residential assessment in relation to industrial-commercial is increasing. The total assessment has gone up an average of 2.5 per cent according to this.

Hon. Mr. McKeough: Including commercial and industrial.

Mr. Swart: Assessment per capita. But residential has gone up faster than industrial-commercial.

Hon. Mr. McKeough: No.

Mr. Swart: Of course it has. Oh yes, it has. It goes up faster, as you know, because the increase over the last five years has been about one-third more in residential than it has been in industrial-commercial—the level of increase of assessment. It was pointed out in some of your publications. The increase on residential assessment has increased in the last five years by almost 100 per cent. The actual value of the property has increased by almost 100 per cent.

Hon. Mr. McKeough: Not the assessment. The assessment has been frozen.

Mr. Swart: No. If there are additions, if people upgrade their homes, that assessment is increased on that. Why do you say that the standard has been raised from \$10,400 to \$10,650 to reflect the increase—

Hon. Mr. McKeough: Because that includes the residential and it includes the commercial and the industrial.

Mr. Swart: Of course it does, but there are more people. This is a per capita increase.

Hon. Mr. McKeough: And new assessment as well.

Mr. Swart: But it's per capita. I am saying that the per capita assessment now is higher and therefore the mill rate would be lower than it otherwise was. If you're going to be able to compute the amount that a person is paying in taxes, you base the mill rate on any increase in their per capita assessment. Oh yes, it does. And you have to add to that—

Mr. Close: I think that initially you're taking an average residential mill rate in-

crease. That applies to a frozen assessment provided the assessment on the individual dwelling has not gone up by more than—well, even if it has gone up, it's applied to an individual average household.

When you're looking at the standard, sir, it has been increased to allow for the increased per capita assessment for the reasons you're stating. There has been an increase in the standard for the resource equalization grant. That standard has increased in direct relation to the average per capita assessment in the province. That takes into account industrial and commercial assessment. But when you're looking at the mill rates, they are as applied to residential and prime assessment.

Mr. Swart: The mill rates—if I could have my paper back. That says that there has been an increase in mill rates of 12.8 per cent per year.

Mrs. Campbell: Did he take it with him?

Mr. Swart: In addition to that, the assessment per capita has gone up, which means that the average person is paying more.

Mr. Ploeger: The average home owner will have a frozen assessment to which that mill rate applies.

Mr. Swart: He doesn't. For instance, he puts aluminum siding on his house, the assessment increases. I know, I put aluminum siding on my house. If substantial changes are made in a house, or if there are a lot of new houses coming on stream, the assessment is higher. There's a higher percentage of new houses now than there was 10 years ago. The average residential assessment has increased per capita and as a result the average home owner/taxpayer is paying more. He has got, on the average, a slightly better home than he had three years ago. The average home is slightly better and he is paying more in addition to the increase in the mill rate.

Mr. Ashe: I think it's your new homes that are all assessed higher. You know darn well that the assessment has been frozen.

Mr. Swart: The facts are—you say it yourself—that the assessment per capita has increased by 2.5 per cent.

Mr. Ploeger: But the big factor in that, sir, is the commercial and industrial part of the assessment, separately.

Mr. Swart: But the commercial and industrial is not increasing now as fast as the residential, and I am sure you are aware of that.

In any event, my point is valid and you will find out that it is valid if you dig into this in some depth. Though the average increase, in the mill rate is 12.8 per cent, the

average increase in the tax that that person is paying is somewhat higher than that, in proportion to average increase in residential assessment.

I will leave that point but it's right. If I could go back to the Edmonton commitment, I have some other papers here now too which shows that in that year you did not include that \$69 million. There's \$421 million in this last one.

Mr. Makarchuk: You guys read our programs and we read yours too.

Mr. Swart: Mr. Chairman, the same document also states that the average annual expenditure per household went up 11.7 per cent. I guess it is pretty obvious from that that there has been a pretty substantial shift back to the property tax. If the mill rate goes up 12.8 per cent, if their average tax goes up 14 per cent, or 14.5, or 15, but the expenditures of the municipalities only go up 11.7 per cent—the expenditure per household which is about the best way you can compute it—that means that there has been a shift back to the property tax.

Mr. Ploeger: Households, sir, have risen more rapidly than people, it appears, and still do.

Mr. Swart: I am aware of that, but the point is still valid. If they hadn't increased that much, then they would have gone up a greater amount than that. I appreciate that point but the facts are that there has been a very substantial shift back.

Hon. Mr. McKeough: No, no.

Mr. Swart: Forty-three per cent increase, even by your figures, in three years? That's a greater increase in taxes than for the whole preceding seven years. There is a dramatic shift back to the property tax. By your own figures property taxes have increased by 43.5 per cent in the last three years.

Mr. Ploeger: In the preceding years it went down. You are talking about a catch-up period after there had been a significant—

Mr. Swart: It didn't go down in the preceding seven years. It went up slightly in the preceding seven years because your own figures say that too. But there has been a dramatic change in policy in the last three years which has driven mills rates up by 43 per cent and substantially higher than that for the residential property taxpayer because of his or her increase in assessment. I stick by that and it can be proved.

But there is another perspective to this which is even more disconcerting to anybody who is concerned about what's happening to those in the lower income brackets.

That is that those in the lower income brackets, primarily because of no increase in the property tax credit, have had a much greater percentage increase than those in the higher income brackets.

[9:45]

On page nine of the Reduction of Tax Burden through Tax Credits, you have the major performance trends of the Ontario tax credit system. I'm conscious of the fact that this includes all of the Ontario tax credits; they're not divided up but the majority of that is property tax credit of one kind or another, I'm sure you'll agree. It shows that from 1974 to 1976 there was an increase in the average credit from \$133 to \$143, or an increase in the property tax credit of 7.5 per cent in two years, while at the same time gross taxes have been going up 12.8, or 14, or 15, whichever you choose to state, but at least 12.8 per cent—even by your own figures. This certainly widens the gap in the net property taxes paid.

If we go over to the second next page, page 12, there is a table on the impact of the Ontario tax credit system on a representative family. It shows that from 1974 to 1976 those at a \$500 gross income had their property tax credit increased from \$253 to \$277, or \$24—a 9.5 per cent increase. Those on a gross income of \$7,500 went up from \$205 to \$231, or \$26—a 12.7 per cent increase on the property tax credit; on a \$10,000 income, \$155 to \$182, or \$27 increase—a 17.4 per cent increase; those on a \$12,000 income, \$115 to \$142, or \$27—a 23.5 per cent increase; and those on a \$15,000 taxable income had an increase from \$55 to \$82, which is a 51 per cent increase in their property tax credits. In actual dollar terms, those in the higher income brackets had a greater increase in their property tax credits, than those in the lower brackets.

Hon. Mr. McKeough: He's raised the same argument, or somebody did. I guess the former financial critic, the member for Beaches-Woodbine (Ms. Bryden) raised it, as I recall. What you overlook in this is that during the same time that the average property taxes are going up, average property tax credits are going up and, of course, what's also happening is that average incomes have also been increasing.

Mr. Swart: Yes, but that does not negate the argument that taxes have gone up 12.8 per cent.

Hon. Mr. McKeough: Yes, but during that period incomes were going up 15 and 20 per cent.

Mr. Swart: So was the cost of living. Oh,

incomes 15 or 20 per cent? I think that's a little off.

Hon. Mr. McKeough: Well, not far off.

Mr. Swart: It's a long way off from 15 to 20 per cent in the second last year.

Hon. Mr. McKeough: Present company excepted.

Mr. Swart: But by using your own tables, Mr. Treasurer, assuming a \$500 tax in 1974—and that's what's on this table—there has been a 54.5 per cent increase in net taxes. That's 43.5 in the mill rate, but because you haven't increased the tax credit, it's 54.5 per cent.

Hon. Mr. McKeough: But the income went up at the same time. The member chooses to overlook that.

Mr. Swart: I'm not overlooking that at all.

Hon. Mr. McKeough: And that is a percentage of disposable income. Property taxes went down by 3.2 to 2.7 per cent.

Mr. Swart: And, Mr. Treasurer, they are now going up and you admit—

Hon. Mr. McKeough: Oh no. Oh no.

Mr. Swart: Oh yes. In the percentage of income, your last paper showed that it was going up again.

Hon. Mr. McKeough: Oh no.

Mr. Swart: Oh yes it is. I'll get that for you.

Hon. Mr. McKeough: It went up from 2.4 to 2.5 in 1976.

Mr. Swart: Yes, in 1976, and this year they'll go up to substantially more.

Hon. Mr. McKeough: Oh, I'm not sure about that.

Mr. Swart: That trend is the reverse.

Hon. Mr. McKeough: I'm not sure about that.

Mr. Swart: But let me carry this table a little further.

Hon. Mr. McKeough: They're still where they were in 1970 when they were 3.2—3.2, 2.8, 2.4, 2.4. In 1976 they went up to 2.5.

Mr. Swart: But let me carry this a little further. The average net property tax in the last three years, according to your own figures, has gone up 54.5 per cent. And that is right from your own tables. The property tax credit has not kept pace with any increase in taxation. There can be no disputing of that fact, Mr. Treasurer.

Let me go a little further. I want to tell you how this has applied to the various income levels—again, using your own figures. For a person with a \$5,000 income, the 1974 tax would be \$500; his gross taxes in 1977 would be \$718—and I have projected these

two years into three years, which I think is quite legitimate for the purpose of comparison. His net increase has gone from \$247 to \$429, an increase of \$182.

Hon. Mr. McKeough: Yes, but he is not making \$5,000 any more.

Mr. Swart: —or 73 per cent. Whether it is the same person or whether it is somebody else, the tax—

Hon. Mr. McKeough: That is one hell of a difference. His income does not sit still for two years either.

Mr. Swart: The person who now has an income of \$5,000 has had a 73 per cent increase in his taxes.

Hon. Mr. McKeough: Yes, but three years ago he probably had an income of \$4,000.

Mr. Swart: But let me carry your argument just a little further. This man has moved up from the \$5,000 to the \$6,000 bracket; then he gets less property tax credit—

Hon. Mr. McKeough: That is right.

Mr. Swart: —and his increase is substantially more than the 73 per cent.

Hon. Mr. McKeough: No.

Mr. Swart: Oh, yes.

Hon. Mr. McKeough: No.

Mr. Swart: Oh, yes. Let us say that in 1974 he was in the \$5,000 income bracket. His net taxes would have been \$247. His property tax credit was \$253.

If by this year he has moved up to \$7,500—he has been very fortunate—his net taxes would be \$474, about 90 per cent higher.

Hon. Mr. McKeough: No.

Mr. Swart: Yes. As his income increases, he gets less property tax credit. And if he has moved up from \$5,000, where he had that property tax credit of \$253 and paid a net of \$247, he would now pay \$474. So assuming he does not get any wage increases—it is worse if he gets them—on a \$7,500 gross income a person has had a net increase of 61 per cent.

A person on \$10,000 has had a net increase of 51 per cent and, of course, if you go above the \$15,000 average—if he paid only \$500 taxes—he would have an increase of 43.5 per cent. But, of course, many people have much larger homes and because of the higher taxes have moved into the other bracket, so that many of those people with a \$15,000-plus income have not had an increase of 43 per cent. They have one of only 35 or 40 per cent.

What I am saying to you is that the net property tax in the last three years, has on average, increased a minimum of 54.5 per

cent; and those in the lower income bracket have had a much higher percentage increase than that. I challenge you, Mr. Treasurer, now or at a later date, to refute these figures using the figures which you have produced yourself. And I say to you that if we are going to have any fairness in your restraint program you must tie the property tax credit to tax increases. You have made a tremendous move back to a regressive tax system.

Hon. Mr. McKeough: Oh, nonsense.

Mr. Swart: You certainly have. A 73 per cent increase in three years is not a regressive move?

Hon. Mr. McKeough: How you get the 73 per cent is beyond me.

Mr. Swart: I will take time to explain it to you.

Mr. Peterson: Repeat it, Mel, so that he understands. Drop him a letter, Mel.

Mr. Epp: I had some questions of the Treasurer.

Mr. Chairman: Mr. Epp, if you don't mind, Mr. Makarchuk was next.

Mr. Epp: I thought we were going alphabetically and I thought that Epp came after—

Mr. Chairman: Are you through, Mr. Swart?

Mr. Swart: I'm through, yes, on this one topic. I want to return later—

Mr. Chairman: On assistance to local government.

Mr. Swart: Right.

Mr. Makarchuk: I just want to find out if the minister is considering any change in the policy of the per capita grants to municipalities for police protection. In the non-regional municipalities I think the grants are about \$10 per capita right now, whereas the regional municipalities are getting about \$15—the figures are available somewhere around here. Are you planning any kind of change in that?

It seems to me there is some justification for increased grants to regional municipalities where they have to take into account a great rural area, say in the Haldimand-Norfolk area. Then, on the other hand, if you have places like Burlington or Hamilton-Wentworth and so on, I don't think they are any different from areas such as Brantford, or say, possibly, Peterborough, in terms of urban development. I think they are in a similar condition. These municipalities receive only \$10 per capita, I think, for police protection in comparison to the others.

On the one hand, I think it is unfair. It doesn't seem to me to encourage. If you have

a municipality that is trying to be efficient and operate at minimum budget you penalize it, whereas on the other hand, if a regional municipality is not as efficient, you reward it. That is a matter of concern to local municipal officials. Are you planning any kind of change in that policy to equalize the grants, hopefully not by cutting everybody back to the same miserable level, but perhaps increasing everybody to the slightly less miserable level?

Hon. Mr. McKeough: This is a matter before the grants reform committee, which is a joint federal-provincial committee studying all the grants.

Mr. Makarchuk: Why would the federal government have anything to do with this?

Hon. Mr. McKeough: I am sorry, provincial-municipal committee, which is the next item. Dealing with it quickly, I don't know what they are going to recommend. There is some school of thought that all the organized municipalities would receive the same level of grant, say \$15, and then that those municipalities which received free policing from the Ontario Provincial Police would be charged for it. And that may be a fairer system.

Mr. Makarchuk: Do you have any idea when you will be coming out with some—

Hon. Mr. McKeough: Not in 1978.

Mr. Chairman: Mr. Warner.

Mr. Warner: I probably can wait, because Mr. Epp has been patiently waiting.

Mr. Peterson: He's bigger than you, too.

Mr. Warner: That may be. Just about everyone is.

Mr. Peterson: Cunningham isn't, don't worry.

Mr. Warner: This probably isn't the time to really go into a full discussion of the Blair commission tax reform material. I assume from your comments earlier that we are going to see some form of legislation in the not-too-distant future.

The concerns I have, of course, are for those older homes in my riding which it appears at this point are going to be the hardest hit by this so-called reform. The taxes are going to increase substantially. And as the homes become older, the increase becomes greater.

It is anticipated that in the city of Toronto, for example, the homes that are 50 or 60 years of age with small frontages are going to see increases in the neighbourhood of \$500, increases which the occupants cannot bear. They just can't stand any more,

in particular—and this is really the question that I want to get at—the senior citizens.

I am wondering if the Treasurer can, when he brings in the tax reform legislation, include an exemption for senior citizens for that portion of the education tax, so that we can take some burden off the senior citizens. They just can't afford any more. You can't keep squeezing them. At some place you have to call a halt or you are going to force them to sell their homes. And that is a very real thing.

In some of the cases that I had of senior citizens who are under pressure because of family circumstances, we phoned through to some of the government offices about help. The answer comes back, "Sell your house."

[10:00]

I can't accept that. I don't think that someone who has spent all his or her life working hard, trying to pay off a mortgage and so on, because there is some family misfortune, for instance the husband dies and there is no insurance, should be told by the government, "Sell your house."

It seems to me the government has an obligation along the lines of property tax and you are going to do one of two things. Surely you are either going to sensitize the property tax credit system to income levels, which you haven't done at this point, or you are just going to exempt the senior citizens from paying that portion of the tax which is educational, by reimbursing the municipality or however you are going to work it out with the municipalities. I am concerned that to date I haven't heard anything that would indicate you are even thinking along those lines.

Mrs. Campbell: The Premier did—\$75 million worth.

Mr. Warner: But that was during the election.

Hon. Mr. McKeough: A rather than B.

Mr. Warner: What can we expect?

Hon. Mr. McKeough: I think, for instance, on tax reform we will be making some moves in that direction—and so will the Minister of Education (Mr. Wells). But I really hesitate to split because the person whose taxes are \$800, as you have described, may well be having a problem paying the \$400 municipal as much as he's got a problem paying the \$400 educational split. We wouldn't draw that distinction. We would hope to design a system which would help them with their \$800 tax bill, whether it was from Metro, Metropolitan Board of Education or the Borough of Scarborough.

Mr. Warner: In other words, you are thinking more along the lines of sensitizing their property tax credit system—

Hon. Mr. McKeough: Yes.

Mr. Warner:—so that you could take into account an age factor.

Hon. Mr. McKeough: As you are aware, somebody in Scarborough now, for a variety of reasons, can get up to \$500 in senior citizen assistance on his municipal taxes. In the circumstances which you have described, \$500 may not be enough, but that is the total—\$480 or \$490, I think it can be tagged at where a pensioner with just GAINS can get up to \$500 assistance.

Mr. Warner: My understanding is that the assistance that he can receive is \$150 as a lien against the house. There is no forgiveness, unlike the city of Toronto, which forgives up to \$100. With Scarborough it's a lien against the house and the maximum is \$150. That's my understanding.

Mr. Close: That's over and above the other programs which include the regular property tax credit program, the \$100 additionally to each person, each senior citizen, each person on the old age security system. Municipalities may enter into a lien program or into another program in which the province participates.

Hon. Mr. McKeough: I think it peaks now at \$480 or \$490 and the lien and the other municipal—

Mr. Warner: I think you are probably aware that the lien program isn't a particularly palatable one to most senior citizens. They don't feel like leaving debts to their families.

Hon. Mr. McKeough: It's \$480 or \$490 without the lien. We'll send you a breakdown.

Mr. Warner: Okay. So then, finally, Mr. Chairman—

Hon. Mr. McKeough: This is a real problem. A senior citizen pays his taxes in Scarborough six times a year. It's totalled up at some point or another and the senior citizen doesn't see this credit from us until he or she pays no income tax and gets a cheque back from the federal government of \$480 or \$490 in the spring—March or April if they filed early enough.

We get the impression that most of them ultimately do file. We don't think there are too many senior citizens today who are entitled to a credit who are not filing. There may be some. But it's a pretty tortuous route. A woman's got to tell you or me that she paid \$800 in property taxes and she

completely overlooked the \$480 she gets back as a credit against it. I don't know just how we solve that problem.

Mr. Warner: Is there some particular timetable for when the tax reform comes in, and, if it is going to be held up longer than the spring of 1978, are there any particular reasons—

Hon. Mr. McKeough: Assessment for 1978 taxation in 1979 is the time to—

Mr. Warner: So when do we see the legislation?

Hon. Mr. McKeough: Originally it had been my hope before we rose at Christmas. I doubt that.

Mr. Warner: Is there any hope that the full weight of the government is not going to come crashing down on the Boy Scouts, the YMCA and those other organizations who are struggling to maintain an existence?

Hon. Mr. McKeough: I think there is every hope.

Mr. Peterson: They don't like Boy Scouts.

Mr. Warner: I know. I don't know why.

Mr. Laughren: I would like to seek your guidance on this, Mr. Chairman. I wondered if it would—

Mrs. Campbell: Vote 1105.

Mr. Laughren: Everything else is vote 1105. This probably is too. I would like to point out some things to the Treasurer about Sudbury and ask for some indication as to whether or not he's had time to do any thinking about the situation as it would apply to TEIGA. Is that appropriate at this time?

Mr. Chairman: Yes, I would think that's assistance to local government.

Hon. Mr. McKeough: Do you mean to Inco?

Mr. Laughren: No, I don't mean assistance to Inco.

Hon. Mr. McKeough: Because of Inco?

Mr. Laughren: Yes.

Hon. Mr. McKeough: It would be either vote 1102, item 1, which deals with fiscal strategy or, more properly, vote 1103, which deals with regional development.

Mr. Laughren: That's fine.

Mr. Chairman: Would you consent to make your remarks on vote 1103, Mr. Laughren, dealing with regional development strategy?

Mr. Laughren: That's fine. I will be glad to do that.

Hon. Mr. McKeough: The only part that we really have on the list in the \$375 million is the northern Ontario special support grant at 18 per cent. But I think what you want to talk about probably comes under regional development.

Mr. Laughren: Yes, okay.

Mr. Chairman: Mr. Epp?

Mr. Epp: Speaking about tax reform, has the ministry got information, statistics and so forth that have not been made available to the municipalities to indicate what impact the tax reform is going to have on the municipalities? If so, is it available in a meaningful form so they can have it?

Hon. Mr. McKeough: Not yet, no.

Mr. Close: Waterloo does have the aggregate figures. They provided you with a rather reasonable and well-founded input on that.

Hon. Mr. McKeough: Yes, they would have the totals. What they don't know yet, because we don't know yet, is—

Mr. Peterson: I'm sorry. The totals?

Hon. Mr. McKeough: Total residential, total industrial, total commercial and so on.

Mr. Peterson: Market value assessment?

Hon. Mr. McKeough: Yes.

Mr. Peterson: I'm sorry to interrupt, but may I ask how you can tell them those totals when you don't know for sure what you're going to do with golf courses and/or charitable institutions?

Hon. Mr. McKeough: You don't

Mr. Peterson: So, in your best judgement, what is the variable in that figure? You're talking about residential and commercial?

Mr. Close: First of all, all municipalities, including Waterloo and a number of the area municipalities, have provided a fair amount of input to the tax reform commission and subsequently to Mr. McKeough, based on subtotals by class of property. There are about 26 subclasses of property in there.

With all due respect to you, sir, the figures on golf courses and even charitable properties broken down separately would not change their thinking. They're a very negligible amount of the total. Basically what they're looking at right now are the various classes of business assessment, the various classes of residential and farm assessment—those major tax shifts which affect the distribution of grants within a municipality and between municipalities within, for example, the region of Waterloo.

Mr. Peterson: May I just ask, based on what figures? Based on budget paper E?

Mr. Close: Based on "before" and "after" market value assessments.

Mr. Peterson: Yes, but on what tax rate?

Hon. Mr. McKeough: Budget paper E.

Mr. Close: They're based on gross figures on matched properties, so you're comparing apples with apples. They've given the "before" totals by 26 property classes and the "after" totals by 26 classes, for a total market value assessment.

With those figures, they may either test out the budget paper E proposals or the Blair recommendations or anything else that they would rather see.

Mr. Peterson: But you have not fixed your tax rates necessarily—your commercial rates, your farm rates—

Mr. Close: You don't have to fix your rates. All you do is say, if you were to raise X millions of dollars on the new base as opposed to the old base which in this case is the region of Waterloo's total budget, it would mean shifts of taxes between municipalities and between sub-classes of property. They are in more than good shape to analyse those kinds of shifts.

Mr. Peterson: Help me out here. Doesn't that very much depend on the final rate you ascribe to each classification?

Mr. Close: The final rate is dictated by the amount of money that the municipality wants to raise.

Mr. Peterson: That's going to be involved with provincial legislation.

Hon. Mr. McKeough: The point is whether the residential rate would be 40 per cent or 50 per cent of the commercial rate, and that's not been settled.

Mr. Close: Here again the figures are given to them on a before and after value without any discounting. As I said, earlier, if they choose to go along with budget paper E proposals they could, for example, discount residential by 50 per cent. If they went with Blair, again it would be 50 per cent. By the same token, they are given the various sub-classes of commercial-industrial property right from 25 through 140. They can test the options of moving to a single rate of 50 per cent on all those commercial-industrial properties or any other series of rates.

Mr. Peterson: That's not a municipal prerogative. That's going to be enshrined in the legislation when it comes. I think you understand my problem. Can you help me out, Mr. Treasurer?

Hon. Mr. McKeough: They can do a great deal. What they're variously working

with is the Blair proposals. They're doing that to their own property for their own municipality or their own county or region. What they don't know yet is whether the residential would be 40, 50 or 60 per cent.

Mr. Peterson: That's right. Or commercial or farm or whatever.

Hon. Mr. McKeough: Until we have all that for the whole province we can't get it to them.

Mr. Peterson: They know what the relevant mix is of the 26 classifications and their own variance.

Hon. Mr. McKeough: They do not have really enough to say we buy or we don't buy it.

Mr. Peterson: I suppose they don't have enough to say what sector's going to bring in how much income.

Hon. Mr. McKeough: We could give those figures to Waterloo tomorrow as to our latest thinking, but the problem is we don't know whether that's going to work in Middlesex.

Mr. Peterson: How many areas have you got fixed out of all the areas in the province? For what percentage have you got those numbers ascribed to now?

Hon. Mr. McKeough: Market value?

Mr. Peterson: Yes.

Hon. Mr. McKeough: All of them.

Mr. Peterson: Are you in a position to provide those tentative figures so far to any municipality in this province right now?

Hon. Mr. McKeough: Yes.

Mr. Peterson: And have you?

Hon. Mr. McKeough: Yes.

Mr. Peterson: What's the current state of negotiations?

Mr. Epp: Pardon me. I thought you indicated earlier that they weren't and then Mr. Close indicated that Waterloo had them. Maybe I've got my figures wrong.

Hon. Mr. McKeough: They all have market value assessments.

Mr. Epp: They just don't have the totals, is that it?

Mr. Close: They all have the figures they've asked for, which are the totals by 26 sub-classes of property.

Mr. Peterson: Total market value assessments?

Mr. Close: I have both the present and the new on a matched property basis.

Mr. Peterson: They can't match the revenue because they know what the old system is but they don't know what the new is.

Hon. Mr. McKeough: That's correct.

Mr. Peterson: So they're really in the dark.

Hon. Mr. McKeough: And we don't know yet.

Mr. Peterson: In other words, they can't say whether it's good or bad or it's going to cost them or not cost them or what the revenue is going to be. They have no bloody way of knowing. Right?

Hon. Mr. McKeough: The answer is somewhere in between.

Mrs. Campbell: It's useful to the minister

Mr. Peterson: In between what? I've really got problems with this. Perhaps it would be totally wasting everybody's time trying to decide right now, because obviously it's going to be a subject for great debate later on but, failing a hell of a lot more information which I assume by what you say you're not in a position to give to us, maybe there's nothing we can do. I don't know.

Mr. Epp: I have another question which is related. I understand that the Minister of Revenue (Mrs. Scrivener) is going to recommend to the cabinet that Waterloo be permitted to go ahead with market value assessment. Is that for 1978?

Hon. Mr. McKeough: I don't know what. I haven't see a recommendation.

Mr. Epp: I haven't seen it either. I heard from news reports they were going to let them go ahead. I wonder if you could help to clarify that for me. If you can't, maybe one of your assistants can, to see what went on at that meeting the other day and what commitment was made. She was going to make a recommendation, I understand, that Waterloo could go ahead with market value assessment next year, in 1978.

Hon. Mr. McKeough: I don't know what commitment she made.

Mr. Epp. Would you be prepared to let one of your assistants clarify it for me?

[10:15]

Hon. Mr. McKeough: I suggest you wait until Revenue's estimates come up in the next two weeks.

Mr. Peterson: I don't know how the hell we can discuss this intelligently. You're not in a position, I guess, to share this information with us. You are hoping to bring it in this session, it looks like you won't—don't let me put words into your mouth. You wouldn't permit that anyway—you're probably bringing it in next session, and then what? How long do you feel this will be before the House?

Hon. Mr. McKeough: I have no idea.

Mr. Peterson: What is your estimate?

Hon. Mr. McKeough: If the assessment notices are to go out on a new basis some time in 1978, then the legislation has to be passed.

Mr. Peterson: So you anticipate this will be handled in the spring session?

Hon. Mr. McKeough: I don't know that.

Mr. Epp: I'm confused. It's supposed to go out for 1979, you're not going to bring it in this fall, and it has to go out for 1978, but you don't know that it's going to be processed in the spring.

Hon. Mr. McKeough: That is the present timetable.

Mr. Epp: So therefore, the alternative would be to process in the fall.

Hon. Mr. McKeough: That is the present timetable, but we take this one step at a time.

Mr. Peterson: How close is your ministry—

Hon. Mr. McKeough: We've now run through our latest proposals on 18 of the 38 or 39, whatever there are—districts, counties, regions and so on.

Mr. Peterson: You've run through 18. What does that tell you?

Hon. Mr. McKeough: What does that tell us? For a municipality—and these figures are now out of date because there have been some changes—

Mr. Peterson: Are you using budget paper E numbers for projected revenues?

Hon. Mr. McKeough: No.

Mr. Peterson: What are you using? Are you using the Blair commission's?

Hon. Mr. McKeough: We're using a whole variety of things.

Mr. Peterson: You're running through a bunch of variables?

Hon. Mr. McKeough: Yes.

Mr. Peterson: I assume some of those are ones we have seen and some of those are ones we have not seen, is that correct?

Hon. Mr. McKeough: That would be correct.

Mr. Peterson: And you have yet to determine which ones you are going to use finally?

Hon. Mr. McKeough: Yes.

Mr. Peterson: Do you have any hints for us?

Hon. Mr. McKeough: No.

Mr. Peterson: I'd be a good lawyer, wouldn't I?

Hon. Mr. McKeough: That tells you for a municipality—and these figures would have

changed somewhat—single-family residences at present paying \$3.7 million, would pay \$3.9 million. Multiples at present paying \$1.3 million would pay \$900,000. Land which is vacant, paying \$111,000, would pay \$1,214,000. Farms paying \$8,000 would pay \$7,000. Those are, up until there, on the basis of Blair.

Commercial and industrial property taken together, now paying \$4.5 million, would pay about \$200,000 or \$300,000 more. Vacant commercial-industrial paying \$218,000 would pay \$242,000. Non-commercial—lodges, clubs and associations—paying \$43,000 would pay \$74,000. Railways, \$26,000 to \$52,000. Transmission lines, \$42,000 to \$87,000. Current exempt, zero to \$146,000. Federal government, \$74,000 to \$85,000. Hydro, \$14,000 to \$38,000. Public utilities, \$104,000 to \$116,000. Province-owned property, \$60,000 to \$134,000. Agencies, \$8,000 to \$24,000. Universities and colleges, \$22,000 to \$88,000. Other institutions, \$28,000 to \$74,000—that's hospitals, jails, mental retardation facilities.

Farm and forest lands, \$8,000 to \$47,000. Private schools, zero to \$22,000. Elementary and secondary schools, zero to \$103,000. Charities, zero to \$146,000. Local government, upper tier, county, zero to \$155,000; lower tier, zero to \$206,000. Education, zero to \$103,000. That total—and this is where it is confusing—would then go from 10 to 32 to 12,084. In the whole province A should equal B; obviously, in some municipalities it's going to be more and in some it's going to be less. But that's the story and every time we make a change—for example as when I described the golf clubs—that does theoretically, affect all those numbers.

Mr. Peterson: In the provincially-owned properties you are just going to do a shuffle. How are you going to handle the bookkeeping on that? Are you going to charge them and then give them back?

Hon. Mr. McKeough: They are underpaying now on the market value basis. This is something I don't know. I would expect in the first few years that it would come out of our vote, but it would be my firm hope and conviction that it would ultimately come out of the ministries involved.

Mr. Peterson: You are paying nothing now, right?

Mrs. Campbell: They're paying now.

Hon. Mr. McKeough: We're paying now.

Mr. Peterson: Yes, grants in lieu of.

Hon. Mr. McKeough: Yes.

Mrs. Campbell: And that's only in the general taxes.

Mr. Peterson: Isn't this going to dramatically increase your deficit?

Hon. Mr. McKeough: Not if we lower the grants, totally.

Mr. Peterson: Still, it's going to come out of somebody's skin. The municipalities get more, presumably.

Hon. Mr. McKeough: And less in education grants for example, and less—

Mr. Peterson: Are you going to add this all on to whatever it is—it used to be called the Edmonton commitment?

Hon. Mr. McKeough: It's one of the very large reasons for bringing grants in lieu—which is going to be such an enormous increase—into the commitment base.

Mr. Peterson: You add every single cent that's transferred back in through a little mechanism.

Hon. Mr. McKeough: I doubt if it is going to work out that way. That figure is going to go from \$50 million to \$500 million or \$600 million or something like that. But that is \$250 million and we don't want to lose track of that \$200 million.

Mr. Swart: Isn't that going to throw out the projections on that table which you are preparing? For instance, the example in Niagara showed that, in fact, provincial would go up from \$2.2 million to \$9.4 million and school boards would go up from nothing to \$6.3 million.

Hon. Mr. McKeough: Yes, the school boards wash out.

Mr. Swart: So if that is changed so that money is deducted—not deducted per se to a municipality, but in general across the whole province—it's almost exactly the same as not getting it, so that the projection of the residents, certainly in Niagara, will be dramatically changed. They will have to raise a lot more on the property tax. If you reduce to Niagara the money the province pays in addition, in lieu of taxes—if you reduce that from transfer payments, there will be an amount of \$7 million over \$10 million out of a present budget of \$80.8 million. Then, to say that residences are going to have to pay only \$31.7 million is not true if you're going to take \$10 million out. So the total projection here is totally thrown out by your change in formula.

Hon. Mr. McKeough: No, we've got farms in there which is a great item. You've got to look at the whole province. What you just said may be true in Niagara but you have to look at the whole problem. We're putting in \$3.5 billion now for 1976 and we will be

designing a system that puts in \$3.5 billion, total.

Mr. Swart: Okay, just using your own statement of a moment ago—if the grants in lieu of taxes are going to go up from \$50 million to \$250 million, you now are considering those—according to your unilateral change in the Edmonton commitment formula—as a payment to municipalities. So if they get that money it would be reduced from the transfer payments in that particular year if you carry through.

Hon. Mr. McKeough: Right.

Mr. Swart: If that is reduced the municipalities are then going to lose what they are given in regional taxes. That is exactly what is happening.

Hon. Mr. McKeough: Let me just say this again: We were, in 1976, paying \$3.5 billion including grants in lieu of the municipalities. We are designing a system, including grants in lieu, which will pay \$3.5 billion into the municipalities—not \$4 billion.

Mr. Peterson: I've got a comment here. Do you know what you are doing? You are taking away with one hand what you are giving with the other.

Hon. Mr. McKeough: No, no. We have not made a commitment to put anything more in at this moment. The incidence may well change. Obviously a municipality which had a lot of provincial property, including Niagara, would get it that way rather than some other way.

Mr. Swart: Under this formula which you have prepared here for Niagara, because grants in lieu of taxes were being paid at a much higher level, you were not deducting that from the transfer payments. Now you may have deducted some of it because of assessment per capita but not automatically reducing—

Hon. Mr. McKeough: Through the education grants, yes; and the resource equalization.

Mr. Close: The analysis that was presented in budget paper A was done in such a way that additional moneys flowing into a municipality from the province or anywhere were equally offset by the grant system; so it was a break-even system as far as Niagara is concerned.

Mr. Swart: You don't know yet—do you, Mr. Treasurer—exactly what the legislation is going to be and how you are going to assess—whether in fact you are going to assess—farmland at the market value, and what the amount of grants in lieu may yet be?

Hon. Mr. McKeough: That is correct.

Mr. Swart: That will be debated in the House so anything at this time, particularly in view of your change in the commitment formula, is very much up in the air.

Hon. Mr. McKeough: That was my point about an hour ago. What the House will have to be well aware of is that if they want to reduce payments on provincial properties, on farms, from 100 per cent to 50 per cent, or if they want to increase it from 100 per cent to 150 per cent—that would be a fairer example—then the system will be designed so that that burden is going to fall some place else.

Mr. Swart: It is not going to fall on Toronto?

Hon. Mr. McKeough: Not without our knowing about it.

Mr. Swart: Then that is a reverse of what you just said. You said that it's a bill to equalize; it doesn't matter what they get, the municipality is still going to get the same amount.

Hon. Mr. McKeough: Different municipalities are going to get different amounts.

Legislation which will go into the House will be designed in 1976 to deliver \$3.5 billion—or, to put it the other way—to levy \$3 billion of property taxes. I haven't made up my mind about boy scouts at this moment but if somebody decides that boy scouts are going to be completely exempt then that system will still have to produce \$3 billion but what doesn't come from the boy scouts is going to come from single family homes. Don't look at that as a threat, but that is the way it is being done.

Mr. Swart: One way or another it's going to come to the property taxpayer.

Mr. Warner: You won't get it from the distilleries because you are going to give them a cut of 43 per cent.

Mrs. Campbell: That's right.

Mr. Warner: You'll get it from the municipalities. The distilleries are hurting, of course, and they need help.

An hon. member: You know you are going at this thing completely backwards.

Hon. Mr. McKeough: All I am saying is that the pluses are going to have to equal the minuses in the equation. There is no way that I am going to walk into the House with a piece of legislation which is costing us \$3.5 billion a year and come out of the House with something that is costing us \$4 billion.

Mr. Swart: What you are saying, in effect, is that the change of the formula this year, which substantially reduced the amount of money going to municipalities and local government generally, is going to be perpetuated. It is going to be perpetuated, that's what you are saying.

Hon. Mr. McKeough: That's nonsense. By your figures it was increased by \$177 million.

Mr. Swart: I'm saying that it's below what they were supposed to have got under the old formula—that is what is going to be perpetuated.

[10:30]

Hon. Mr. McKeough: It was not decreased. That is the myth you are spreading.

Mr. Swart: From \$421 million to \$177 million.

Mr. Peterson: I finally figured this out. You are doing a cut-and-paste job on this whole thing. You are working within the strictures of \$3.5 billion worth of revenue, trying to mix and match with a whole bunch more bureaucracy and diddling around. It isn't necessarily going to bring one ounce more equity into the whole situation whatsoever.

Hon. Mr. McKeough: It will bring a lot more equity into the whole situation because, if the taxes on distilleries are raised or lowered, presumably that is more or less equity. There is a hell of a lot of equity between what I am paying and Dave Warner is paying, which nobody can say with any certainty at the moment. If you think I am going into the House with a piece of legislation which is designed to produce \$3.5 billion of transfers and come out at \$4 billion, then you should show your colours early and admit that you want another \$500 million to go in from the provincial coffers into the local municipalities. That will be your choice.

Mr. Peterson: That is very logical.

Hon. Mr. McKeough: That is very logical.

Mr. Epp: After the deficit budgets you have created in the last seven years, we can't afford it. That is the reason. That is where the problem lies.

Hon. Mr. McKeough: The purpose is local equity. Waterloo is not asking for a penny more from the province, as I read what they are saying. What they are saying is that the problem there is equity between taxpayers within Cambridge, in particular, and Kitchener to a lesser extent. I give Cambridge full credit. They are saying sort away the problems between taxpayers.

Mr. Peterson: You are just diddling around because you have to work into that \$3.5 billion number. You have got to keep running your computer models through until you can mix and match it. You still don't know.

Hon. Mr. McKeough: Mr. Peterson, you are saying that you want to put another \$500 million into the local municipal system.

Mr. Peterson: I am not saying that at all.

Mr. Swart: What they wanted was an equalization between taxpayers.

Mr. Peterson: I would say if you had any principles involved in this thing, you would have to call it as you see it and see how the numbers came out on the other end.

Hon. Mr. McKeough: I explained it at the beginning of the discussion tonight. Apparently, you weren't listening. At present, the system is being designed on the basis of \$3 billion in property taxes and \$3.5 billion in grants or transfers. That is the way the system is being designed.

Mr. Peterson: I heard that. You have to fiddle and fool around. It might be 42 per cent or it might be 50 per cent. You have to spread that around and run it through your \$10,000 computer every time you crank it up, or less for this guy's computer. You have to fiddle around until you can do a cut-and-paste operation so that it matches what your preconception is. That does not necessarily imply—

Hon. Mr. McKeough: Have a little chat with Mr. Epp who will explain the situation in Cambridge. Have a little chat with the mayor of Sarnia or the mayor of Windsor.

Mr. Peterson: I like the former mayor of Sarnia better.

Mrs. Campbell: Or the mayor of Scarborough or the mayor of Toronto.

Hon. Mr. McKeough: No, the mayor of Scarborough should start taking a look at his figures.

Mr. Chairman: Order. We have now gone past the adjournment hour. I suggest we adjourn to reconvene tomorrow night at 8 o'clock. May I remind the members that we have 10 hours remaining in these estimates.

Mr. Peterson: Can you give us assistance on what we will be doing tomorrow night?

Mr. Chairman: We are cleaning up property assessment, tax reform, and grants reform. Then we are reverting to item 1.

An hon. member: Regional development strategy?

Mr. Chairman: No, the economics, the budget, fiscal policy. We are on item 2, but

we agreed to deal with item 2 to accommodate Mr. Cassidy who couldn't be here. He is going to be back tomorrow night and we are going into the fiscal policy. We are going to finish those up first and then revert to item 1.

Mr. Epp: Before we go, when does this committee expect to get to vote 1103?

Mr. Chairman: I think we will get there on Wednesday.

Mr. Epp: I hate very much for us to spend all our time on the other items and then

not get to regional government and some of the other things.

Mr. Chairman: I think it is going to be up to the critics for the respective parties to sort out the remaining hours left. We are half through. Up to tonight we have consumed 10 hours and we have 10 hours left. I think the critics for each of the parties are going to have to sort out how they are going to divide their time with respect to each item.

The committee adjourned at 10:35 p.m.

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Ministry of Treasury, Economics and Intergovernmental Affairs officials taking part

Close, L. J., Director, Municipal Finance Branch

Ploeger, H. M., Director, Intergovernmental Finance and Grants Policy Branch

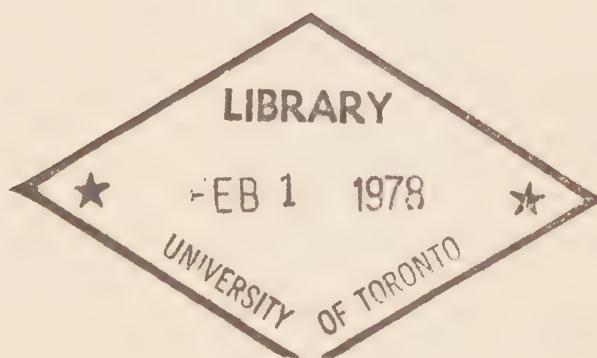


Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Treasury, Economics and
Intergovernmental Affairs



First Session, 31st Parliament

Tuesday, October 25, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

TUESDAY, OCTOBER 25, 1977

The committee met at 8 p.m.

ESTIMATES, MINISTRY OF TREASURY, ECONOMICS AND INTERGOVERNMENTAL AFFAIRS

(continued)

Mr. Chairman: The meeting will come to order. We're going to finish off property assessment and tax reform and grants reform and then revert to fiscal policy. The speakers on my list are Mr. Epp and Mrs. Campbell.

Mr. Epp: I thought there was one little item that you wanted to deal with first of all, Mr. Chairman?

Mr. Chairman: The item I thought we would deal with, with respect to private bills, was dealt with at our chairmen's meeting tonight. We don't have any private bills with which to deal next Monday night, so we're going to have to make a decision as to whether we move on with the Government Services estimates Monday night next or whether we simply don't sit on that occasion. If the Treasurer wants to go out tricking or treating I don't think we should deprive him of that.

Mrs. Campbell: Send him on Saturday night with all the other kids.

Mr. Cassidy: It's the third speech he'll make next week. We can't allow that.

Mr. Peterson: Mr. Chairman, is it fair to ask which Darcy McKeough is going out next Monday night?

Are we going to finish the local government topic tonight?

Mr. Chairman: No. We're dealing with property assessment and tax reform and grants reform, the local government part.

Mr. Peterson: We're going to finish that?

Mr. Chairman: We're going to finish that and then we're moving on to the economic portion of the vote.

Mr. Peterson: And regional government is included in the—

Mr. Chairman: Vote 1105 is regional government. Regional development strategy is vote 1103. With the committee's concurrence, I think it would be preferable if we

took the economic vote—the 1977-78 budget, the 1978-79 forecast, the tariff policy—there's so much overlapping in that vote that I think it would be preferable if we blocked it rather than did it item by item.

Mr. Swart: We'll block it anyway.

On vote 1102, finance program; item 2, fiscal policy:

Mr. Epp: Mr. Chairman, I have a question for the Treasurer. I guess we were speaking about assessment yesterday and I guess maybe I wasn't very clear on your comments. Is it clear that the municipalities have all the information on assessment that they can get, in order that they can make rational comments on the Blair report or any other reports regarding market value assessment?

Hon. Mr. McKeough: On assessment, yes.

Mr. Epp: It's in an organized fashion too, so there's no problem with that?

Hon. Mr. McKeough: Yes. I think that's fair. They would say they've gone as far as they can go, because what they don't know at this point is whether the system is going to work with 50 per cent assessment and taxes, therefore, on residential property, or whether to make it work we have to make it 49 per cent.

Mr. Epp: Do you know what the formula is?

Hon. Mr. McKeough: No. I think it is fair to say, Larry, that they have all the assessment data—they and the school boards.

Mr. Close: Basically they have the same data on which to do their analysis as we use ourselves. They're working on the same basis that we are.

Mr. Epp: It's the formula that the cabinet's going to work out shortly and give to us in due course?

Hon. Mr. McKeough: Yes.

Mr. Epp: Right now we find that the property taxes go for hard and soft services. There have been suggestions that the property taxes go only for hard services and that the government give them, through transfers and through other means, the money for soft services.

I suppose one of the ways of doing this would be to give them a share of the sales tax or to give them a share of the provincial income tax. I'm wondering what the Treasurer feels about giving them maybe one or two per cent of the present income tax that the province benefits by, in order to pay for the soft services.

Hon. Mr. McKeough: No. My answer to that would be no at this moment.

Mr. Epp: You say for this moment. You haven't closed your mind on that possibility?

Hon. Mr. McKeough: Ninety-nine per cent. I'm trying to look at it from their point of view. I think that Manitoba, among others, has fiddled around with one point of personal income tax, which in this province is worth \$80 million, against total transfers of \$3.5 billion or \$4 billion. Cosmetically, sure, if you want to say, one point of personal income tax—I guess that's the one per cent versus the 99—then I reserve the right at some point to raise taxes for personal income tax from 44 percentage points of the federal tax to 45, and I say it's all for the municipalities.

Mr. Epp: Or you can do it with sales tax, although it would be more practical to do it with the personal income tax.

Hon. Mr. McKeough: Not necessarily. No, it would be less practical, because one point of sales tax is now very close to \$300 million. So if I were going to do it and prostitute myself in that manner I would go for the big bundle.

Mr. Epp: You would go for the sales tax?

Hon. Mr. McKeough: Yes. I think the municipalities are much better off with 30 per cent, or 32 per cent, or 29.6 per cent of our total revenues than they are with a designated portion of any one of them.

Mr. Epp: You are obviously aware that a lot of municipalities have asked for a form of this?

Hon. Mr. McKeough: Oh sure.

Mr. Epp: That is all on the income tax. I would like to go back to the grants portion if I may, Mr. Chairman.

Hon. Mr. McKeough: "A lot of municipalities" being the chairman of Metropolitan Toronto, but I'll not get into that argument. He is a Grit.

Mr. Chairman: We are dealing with this vote item by item, so are you completed then with respect to the property tax reform portion?

Mr. Epp: Yes.

Mr. Chairman: Mrs. Campbell.

Mrs. Campbell: Yes, and I hope I'm not in vote 1105 on this one. I have been trying to sort out in my mind—

Mr. Nixon: Did they pull that line on you too, Margaret?

Mrs. Campbell: Oh sure. Improperly, I think, but nevertheless he got away with it. I want to sort out in my own mind on the present basis of your thinking just what the situation is going to be for the city of Toronto.

As the minister is aware, the city has been concerned about this over the years and I don't think the formula will work in quite the same way for Toronto as it does for some of the other communities. For example, as I understand it, the provincial buildings in the city of Toronto, as elsewhere, will be assessed at a residential rate.

Hon. Mr. McKeough: No.

Mrs. Campbell: No? I thought they would, save and except for those areas which are obviously commercial?

Hon. Mr. McKeough: No.

Mrs. Campbell: May I have that explanation then?

Hon. Mr. McKeough: I don't know what will finally happen, but neither budget paper E nor Blair recommended that they be at a residential rate.

Mrs. Campbell: That was my understanding. Perhaps then I was somewhat confused with a conversation with some of your staff last night.

Hon. Mr. McKeough: Not in an attempt to cut you off, and recognizing your concern for the city of Toronto, I have to tell you that in my impression of looking at things there are many places that will experience much more traumatic adjustments with market value assessment than the city of Toronto.

Mrs. Campbell: Yes, that really doesn't answer the question. Up to the present time your grants in lieu, although you have always stated that they were full taxes, have only been on the general rate. They haven't taken into consideration the educational portion.

Hon. Mr. McKeough: Who hasn't?

Mrs. Campbell: You haven't.

Hon. Mr. McKeough: Oh yes.

Mrs. Campbell: When did you start?

Hon. Mr. McKeough: That is part of our calculations every day.

Mrs. Campbell: I'm sorry. It wasn't when I was—

Mr. Close: May I speak to it?

Hon. Mr. McKeough: Yes, sure.

Mr. Close: The taxes on the provincial government properties do not include the education rate simply because the general legislative grants pay dollar for dollar any assessment that they are lacking. That is picked up through the general legislative grants program. It is much simpler to let education look after that proportion rather than complicate it. So PILs are paid on the general rate.

Mrs. Campbell: Then do I understand that when you go to paying full taxes, at whatever rate, it will be full taxes on the whole portion under this system?

[8:15]

Hon. Mr. McKeough: It will be full taxes without the business tax. I can't answer the question because budget paper E recommended business taxes, Blair recommended no business taxes and that's a decision which has not yet been taken. So I can't answer it. But it will certainly be at the full rate and not at the residential rate.

Mr. Close: Including education, of course.

Hon. Mr. McKeough: Yes.

Mrs. Campbell: At the present time, I'm not sure—certainly for Metropolitan Toronto—we have a rate of 31 per cent in the way of a grant towards the educational cost in this area. Now that will change under this system. It is 37 per cent now?

Hon. Mr. McKeough: Whatever it is now it will undoubtedly change.

Mrs. Campbell: Upward, I take it.

Hon. Mr. McKeough: Or downwards. My own bias in this matter is that this particular building will not ever be assessed or taxable, which will be some sort of an indication of the Crown right of Ontario hasn't given up—

Mr. Nixon: We even give out liquor licences.

Hon. Mr. McKeough: Well, that's basic.

Obviously if the Macdonald Block, which at present is paying nothing, is added to the tax rolls, at market value that is \$40 million to \$50 million worth of assessment. It is conceivable that the education grant rate in Metropolitan Toronto or in the city of Toronto may well come down, and that those cities such as Welland which don't have a Macdonald Block in their midst may find that they have a higher rate of education grant.

Mrs. Campbell: From personal experience over the years, how are you dealing with the Colonnade type of situation?

Hon. Mr. McKeough: You'll have to ask the Minister of Revenue (Mrs. Scrivener) that.

Mrs. Campbell: I see. You don't have any knowledge of that at all. But the city of Toronto has full information from you as to the effect of your proposals.

Hon. Mr. McKeough: Yes.

Mrs. Campbell: Have they also heard from Revenue?

Hon. Mr. McKeough: Yes, they have it from Revenue rather than from us.

Mrs. Campbell: I see, thank you. I think I will leave it for the time being.

Mr. Swart: Mr. Treasurer, I understand from your answers last night that you haven't set any firm timetable for the implementation of the market value assessment. You have postponed it again. Am I right in that assumption? You gave some indication when you'd like to see it come.

Mr. Nixon: Going to try another election.

Hon. Mr. McKeough: I've set a timetable, but that doesn't necessarily mean it is a cabinet-approved timetable.

Mr. di Santo: This is the fourth time, isn't it?

Hon. Mr. McKeough: Or a realistic timetable.

Mr. di Santo: After the next election.

Hon. Mr. McKeough: The timetable, officially or unofficially, has not changed. Assessment in 1978, taxation in 1979.

Mr. Swart: Your original statement, even last spring, was that there would be a bill this fall.

Hon. Mr. McKeough: That's right.

Mr. Swart: But that bill has now been postponed.

Hon. Mr. McKeough: There might still be a bill this fall.

Mr. Swart: You're going to issue a white paper first, wasn't that the commitment?

Hon. Mr. McKeough: That's a possibility, or we might go right to a bill. I just can't answer that.

Mr. Swart: I want to make some comments on the postponement and I have some further questions on it, strictly by number of people. This is not the first postponement or the second or even the third postponement—

Mr. Wildman: Probably not the last.

Mr. Swart: —and probably not the last. I don't think there is any question at this stage, that these postponements are made for sheer political purposes; not because of any need for postponing. I recognize the difficulty of bringing it in and I recognize

the fact that it's not going to be market value assessment per se in any event. They are going to take percentages of the market value. Who would believe that we are going to have pure market value? Of course, it does not exist any more and should not exist.

Mr. Swart: It makes you wonder about the value of the exercise that we have been going through. I would like to quote from the report of the commission and then ask the Treasurer to comment on it. On page 107, Mr. Blair says:

"In preparation for a change to market value as a base for assessing real property in Ontario, the province took over the assessment function on January 1, 1970. Since that date, province-wide reassessment at market value was scheduled for 1974, then postponed until 1976 and postponed once more to 1977." And it has now, of course, been postponed until at least 1978.

These postponements must, we believe, have a seriously detrimental affect on the morale of assessors. As was stated in our remarks on assessment, the professional competence he brings to bear and the dispassionate approach to his task is all-important to the proper operation of property tax system.

"It must be realized that the government must now keep assessment values up to date simultaneously for two assessment systems: the current one and market value. When seen in the light of some 3.5 million assessable properties, this is a mammoth task indeed. Market value data as of 1975 on every property in the province will be available for use in 1977 assessment rolls and, therefore, for tax application in 1978.

"A further postponement would, obviously, render the 1975 data of little value, and much of the effort expended would have been in vain. Furthermore, we have become aware that the pressures on the existing system have now become so great in the larger cities that there is good reason to doubt that the current situation can be maintained very much longer. We, therefore, believe it to be essential that implementation of the new system commence forthwith."

That is a quote from the Blair commission and I would like the Treasurer to comment on that, because we are now again postponing it. He said there is a real danger. What is the cost of postponing it? Perhaps I can go even further and ask you the cost to date of the total reassessment program?

Hon. Mr. McKeough: That is a question you would have to ask the Minister of Revenue, who is responsible for assessment.

Mr. Swart: Perhaps it is fair to ask you

this: Back in 1969 you said you estimated the number of assessors would be increased by 50 per cent to bring assessment to what we consider the proper level and maintain it. The municipalities, at that time, were spending something like \$15 million a year on the assessment function. If you increase that by 50 per cent over those years, would that be a realistic assumption that you have been spending an additional \$5 million to \$7 million to \$10 million a year since then?

Hon. Mr. McKeough: I cannot answer that question.

Mr. Swart: It would be my submission that that is a real possibility, that you have spent that kind of money on the reassessment.

I want to change the thrust of my remarks a little bit and deal with some inequities that exist at the present time, and ask this question: If it is going to be postponed and further postponed, are you going to take any intermediate steps to correct injustices that exist at the present time?

Hon. Mr. McKeough: I have not said, Mr. Chairman, that it is going to be postponed.

Mr. Swart: You have not said that it is going to be postponed? It is my understanding that on the first day there was a statement in the House.

Hon. Mr. McKeough: All I did was to confirm. Mrs. Scrivener has to have a bill to continue the freeze on assessment in 1977. All that bill does is confirm what she announced last spring.

Mr. Swart: Yes, but in fact, are you not now saying definitely that it will be dealt with in this session, as you did in the spring?

Hon. Mr. McKeough: That is correct.

Mr. Swart: So, I think we can assume that rightly so—and I think it will be borne out—it is going to be postponed again.

Hon. Mr. McKeough: That is an assumption you may want to make, but it is not a statement that I have made. I have told you the present timetable is assessment in 1978, taxation in 1979.

Mr. Swart: Which is a one-year postponement.

There is at the present time, as you know, very real injustice on the many country estates—

Hon. Mr. McKeough: The answer to your question is, no, I don't have any—

Mr. Swart: You don't have any plans for correcting any injustices, even if it is postponed?

Hon. Mr. McKeough: No.

Mr. Swart: Not on places like Cambridge and Kitchener-Waterloo, for instance?

Hon. Mr. McKeough: If it were postponed, I would consider that; but at the moment there is no postponement.

Mr. Swart: I am sure you are aware of the injustice that exists on many country estates—perhaps called farm property—where somebody may have bought 10 acres and built a house valued at \$150,000.

Hon. Mr. McKeough: I am not aware of any injustices in that area, if you want my candid opinion, no.

Mr. Swart: Well, I am.

Mr. Nixon: It's called "soak the rich"—a well-known Tory policy.

Hon. Mr. McKeough: That's right.

Mr. Swart: On the contrary, it is the Tory and Liberal policy which exempts the rich.

But, in the situation I was referring to, the owners are able to get 50 per cent back on the house as well as on the amount of land they own, even though the house may be valued at 10 times the amount of the land. Certainly, this has to be unfair. Can we then have your commitment that this be postponed further? You may look at some of the present injustices?

Hon. Mr. McKeough: No.

Mr. Swart: I understood you to say that a moment ago.

Hon. Mr. McKeough: What I said was I have not looked at them; or I have not looked at them in terms of remedial action. If, hypothetically, there were a fair postponement, then it is reasonable to assume that I might; but I am not about to make that commitment.

Mr. Nixon: Bob Welch will never let you do it.

Hon. Mr. McKeough: Oh, no, we have spent some time discussing prior commitments, and I ain't about to make any more.

Mr. Swart: Let me ask you one further question. If there is from this fall a postponement of the reassessment and market value, would you consider the appointment of a committee of the House to examine this whole issue of market value assessment?

Hon. Mr. McKeough: I might.

Mr. Swart: Are you implying that the cabinet might not?

Hon. Mr. McKeough: I have no idea—that's a hypothetical question.

Mr. Swart: It would seem to me very seriously, Mr. Treasurer, that this is an issue which in many respects is non-political, in the sense that other issues are, and that a com-

mittee of the House might very well come to some conclusions on this very difficult issue.

Hon. Mr. McKeough: I will certainly bear that in mind.

Mr. Nixon: Next.

Mr. Wildman: Mr. Chairman, I have some very specific questions regarding a local issue in my riding. I think it would come under local government, because it regards an area the Treasurer is familiar with, an area called Sault North. Right now this area is under study for—

Hon. Mr. McKeough: Sault North would come under the fifth vote.

Mr. Nixon: It certainly isn't on this one.

Hon. Mr. McKeough: It sure isn't on this one.

Mr. Wildman: Why would it come under the fifth vote?

Mr. Nixon: Because everything comes under the fifth vote.

Hon. Mr. McKeough: Let me come at it this way: There is nothing under the second vote in items 1, 2 or 3—

Mr. Nixon: It is right on the paper the Treasurer gave us.

Hon. Mr. McKeough: —which provides assistance to non-organized local governments. There is nothing in 1, 2 or 3 which deals with Sault North.

Mr. Wildman: What is there in 5 that does?

Hon. Mr. McKeough: Presumably, the organization of local government. It isn't under 1, 2 or 3. They might dearly wish that it was, but it isn't.

Mr. Hall: Five is going to be a dandy.

Mr. Chairman: Shall the third item, property assessment and tax reform carry? Carried. Grants reform:

Mr. Epp: I want to speak for a moment about grants. I hate to remind you of these things, Mr. Treasurer—I am sure you prefer not to be reminded—but in 1973 the government pledged to deconditionalize grants as far as possible.

[8:30]

If we go back to 1969-70, there was 88 per cent of the total financial assistance in the form of conditional grants; so 12 per cent unconditional grants. In 1977-78, 79 per cent of the financial assistance was conditional, a decrease of nine per cent in conditional grants in eight years. For 1978-79, only 11.6 per cent of total transfers are in the form of unconditional grants, which I would think indi-

cates somewhat a lack of respect by the provincial government to its pledge of 1973 to deconditionalize grants as far as possible. I'm sure it could have done it further than that.

Hon. Mr. McKeough: We could if we had some help from the municipalities.

Mr. Epp: I don't see how you can say you need help from the municipalities.

Hon. Mr. McKeough: Would this committee like to recommend to me—and I'll be happy to take it back—that it would like to deconditionalize the library grant? Mr. Nixon is on record. Are you on record, Mr. Epp?

Mr. Epp: Mr. Treasurer, if you were to take anything back to the cabinet from this committee, it would be the first time you've done it for some time.

Hon. Mr. McKeough: We're talking about library grants.

Mr. Nixon: We're talking about lump sum transfers.

Mr. Epp: You're talking about library grants. I'm talking about unconditional grants.

Hon. Mr. McKeough: No, but library grants are at the head of the list.

Mr. Epp: Yes, that's one of them.

Hon. Mr. McKeough: Can you do away with those? When you were a mayor I remember the strong letters you wrote saying, "Let's do away with library grants." We had letters from the Waterloo library board saying there was no way.

Mr. Epp: I didn't write them for the library board.

Hon. Mr. McKeough: No, but we didn't have a letter from you saying, "I agree with the recommendation of the Treasurer."

Mr. Nixon: The Treasurer is being facetious.

Hon. Mr. McKeough: I'm not being facetious.

Mr. Nixon: You're being provocative.

Hon. Mr. McKeough: I'm not being facetious.

Mr. Epp: I think that's one area that we can look at.

Mr. Chairman: Order.

Mr. Epp: Getting back to another point, Mr. Treasurer, we can take that up another time. As soon as you're prepared to take the recommendations back from this committee, we're prepared to sit down and start talking with you about it.

Hon. Mr. McKeough: Let me interject and say that I don't agree with your percentage. I

think we moved from something to about 29 per cent. You're including education as a conditional grant and I don't look on it as that.

Mr. Nixon: You can't spend it on roads.

Hon. Mr. McKeough: The Minister of Education (Mr. Wells)—no, it's a separate local government—would not look at it as a conditional grant. Forgetting about education, then out of the remainder of \$1 billion, we're now at about \$400 million which is now unconditional.

Mr. Epp: Out of \$1 billion?

Hon. Mr. McKeough: No, it would be more than that, it would be closer to \$2 billion I guess, and 28 per cent is now unconditional. I'm not prepared to defend what White did in his 1973 budget—

Mr. Nixon: We've noticed that.

Mrs. Campbell: Obviously.

Hon. Mr. McKeough: —but I would make the point, since Mr. Epp was in local government at that point in time, that Mr. White published a list of 16 grants which were subject to deconditionalization. I think it is fair to say that there was the greatest absence of support on any single item that he or I have ever seen from local government. Library boards wrote in and said, "No way," and local government stood mute.

I had never particularly thought of the library boards as being a great lobby in this province, but you show me a letter that came from the region of Waterloo saying: "That's a good move, Treasurer. We'll take over libraries as a local responsibility and you do away with library grants." There isn't a letter like that on record.

Mr. Epp: I'm not sure if there is or not.

Hon. Mr. McKeough: There is not.

Mr. Epp: If I had known you were going to ask me that I would have looked it up.

Hon. Mr. McKeough: You look it up and you'll find that you weren't writing letters that year. I may say, in defence, that I don't know that the situation has changed a great deal since. You were there on Friday morning. I laughed but I know it was said, and to an old practitioner from the local government that's a little disturbing. Would you agree?

Mr. Nixon: Mr. Minister, he still can't get over what you said.

Mr. Chairman: Mr. Epp has the floor.

Mr. Epp: Coming back to unconditional grants, John Kruger's statement of a few days ago indicated: "The growth of \$30 million in unconditional grants next year will occur as a result of increases in population and

other factors incidental to unconditional grant formulae. Presumably the province allocates grants in accordance with what it believes the priorities of municipalities ought to be. As a result, the absence of any increase in unconditional grants could be interpreted to mean that the province believes expenditures for police and other unconditional finance responsibilities are already high enough. The effect of freezing expenditures in these fields and the alternatives to such action are equally disastrous."

Mr. Kruger pointed out that if in the coming year Metro diverted all of its increase in unconditional grants to offset the increase in police expenditures, the Metro taxpayers would still have to support up to \$13 million of an increase in 1978, which would be about 1.7 mills.

The alternative, of course, would be for Metro to freeze its expenditures, which would then mean that since 92 per cent of its expenditures are in the form of police costs for payroll, such action would have to affect in a large way the manpower of the force. Therefore, it's difficult to see how police expenditures can be frozen if the force is to be maintained at the present level.

Mr. Peterson: The Treasurer isn't listening. This is all for your benefit, I want you to know that.

Mr. Epp: With respect to ambulance services, they were funded at nearly 95 per cent by the province in 1975 and are estimated to be funded at approximately 55.6 per cent at the present—or about three, four years later, a decline of almost 40 per cent in that time. If Metro was not to permit an increase in expenditures for the ambulance services, there would be no alternative but to raise local taxes in order to meet the additional expenses or, alternatively, to cut back on the service that it now offers. The same holds true in social services and it holds true in boards and commissions.

Mr. Chairman, these conditional grants and unconditional grants alter the municipalities' priorities. In other words, they can't afford to say no to the unconditional grants when they're offered. Then the province stops increasing the unconditional grants, but the province determines the priorities. The municipalities are left paying the bills for programs that the province has originally started, but then stops supporting at a constant proportion of the cost.

My question is whether the provincial government intends to stay at the present level of unconditional grants and conditional grants, or whether it intends to proceed further, as it indicated back in 1975, to decon-

ditionalize grants as far as possible? Are you saying that that's as far as possible?

Hon. Mr. McKeough: I had my debate with Mr. Kruger and I don't think it's basically in anybody's interest terribly to continue a debate with Mr. Kruger, who has sounded the same alarms now for three years running and the results turn out to be something considerably less than he was alarmed about. I leave it at that.

Mrs. Campbell: So much for your question.

Mr. Epp: Does the province intend to continue to deconditionalize grants?

Hon. Mr. McKeough: That is the stated policy, yes. I just point out to you, without working out the percentage, that of the \$80-odd million that went into the municipal side of the commitment this year, \$30 million was on the unconditional side, which is a higher percentage than exists now. For whatever that is worth, the unconditional grants enjoyed a higher rate of growth percentage-wise than the conditional grants on the list.

Mr. Epp: My problem with unconditional grants is that they encourage municipalities to expend money in areas where they otherwise wouldn't expend it if they weren't receiving 50 or 75 per cent of unconditional grants from the province. If, on the other hand, they received that money in unconditional, they could expend it in those areas where their priorities showed them they should be expending it.

I know of a traffic study that they did a few years ago in Kitchener-Waterloo that cost about \$96,000. The cities of Kitchener and Waterloo together paid 25 per cent and 75 per cent was paid by the province, so there's no way that the cities would have spent \$96,000 or whatever—\$94,000 or \$96,000—for that particular study, had they had to pay it out of their own revenues.

Secondly, I don't think the study was worth it anyway, but what the study did was show them ways in which they could spend more money and expand the system and go on to diesel buses rather than trolley buses. But my point is that if they had had to expend that themselves, they might have spent \$15,000 or \$20,000 or \$40,000 on a traffic study, which I am sure would have been equally as good, and they would have spent their other money in more appropriate places.

You could then say, "You shouldn't take the money and spend it there," but when you take a large chunk of money out of the city of Waterloo in the form of sales taxes and other forms of taxes, such as personal income taxes, of which the province gets a

large share, the people say, "Why shouldn't we spend it? If we get it in this area, we may as well spend it, because if we don't get it here, we won't get it any other place, or any place other than unconditional grants." So if they are going to get some of the money back to spend in local areas, they are going to spend it. I am saying that the tax dollar could be better used if they were to have higher grants as opposed to unconditional grants.

Hon. Mr. McKeough: I don't disagree with what the member is saying.

Mr. Chairman: Anything further, Mr. Epp?

Mr. Epp: I guess I got all from him that I am going to get—that he doesn't disagree with me.

Mr. Swart: I am just going to speak to and about the deconditionalization of grants. First of all, I should say that you gave a figure of—was it?—25 per cent unconditional grants and I know it's difficult to determine—

Hon. Mr. McKeough: Twenty-eight.

Mr. Swart: —but I would point out that the figures on provincial and municipal finances put out by the Canadian Tax Foundation state that only 14 per cent of the transfers—

Hon. Mr. McKeough: Yes, they would include education.

Mr. Swart: —are unconditional grants.

Hon. Mr. McKeough: They would include education.

Mr. Swart: That is up from 12 per cent in 1975.

Hon. Mr. McKeough: They are the conditional—

Mr. Swart: Quebec is substantially higher—

Hon. Mr. McKeough: —or to the Spadina subway.

Mr. Swart: —up almost to 25 per cent.

Hon. Mr. McKeough: That's the other side of that story.

Mr. Swart: I say Quebec is substantially higher, according to the Canadian Tax Foundation. Up to about 25 per cent of the transfers there are unconditional grants. I would say to you, Mr. Treasurer, that my observation is that the municipalities don't really have any great objection to the deconditionalization of grants. I think it's fair to say they are concerned now particularly about transfer payments. They quite frankly don't trust the government.

Whether it's the "not less than" clause

that was in the Edmonton commitment or any of the other changes that have been made, every time there's a change made it's against them. Let's say that you don't want to change it against their will. You didn't have any hesitation in changing the Edmonton commitment formula, and not even against their will, but without even consulting them, about the change in that formula. I suggest that the municipalities would be quite willing to accept, particularly at a time when there is an increase in provincial transfers as there was in the years from 1967 on to about 1973—you could have done a great deal of deconditionalization of the grants at that time because if they are getting more grants, they are willing to accept maybe some other disadvantages, or what they may think are temporary disadvantages. I certainly favour greater deconditionalization.

[8:45]

I would say to you, Mr. Treasurer, you express great concern about the expenditures of municipalities. I believe, in fact, that they are as careful of their expenditures as the provincial government is, perhaps more so in one way, that you can put greater accountability at the municipal level, if that's what you profess that you want to do, by deconditionalization. I'm sure you're aware that in most of the democracies in the world, the senior levels of government, in their method of transfer to local governments, transfer a much greater percentage of it than we do generally in Canada. I'm not just talking about Ontario, but generally about Canada, in the block grants or the unconditional grants.

I tell you if a municipality is going to spend \$10 million, and it knows it is going to get a block grant of \$6 million and everything above that it has to raise from the taxpayer, it thinks twice before raising the taxes. It's a much greater deterrent.

In this time of your restraint, it would seem to me that it is the method that you should consider further with regard to transfer of funds to local governments.

Hon. Mr. McKeough: I don't disagree with what the member said. I just point out that of course the Quebec government, which he has cited, approves every municipal budget in the province each January.

Mr. Chairman: Shall grants reform carry? We're moving on to fiscal policy, economic matters, and as I suggested earlier, we'll take that as a block vote.

Mr. Cassidy: I want to say some words to the minister, but I'll be very brief. I want

to home in on the question of Inco. I think Inco epitomizes the kind of problem we're having with the economy in the province today, the layoffs at Inco which have come up and their implications, not just for north-eastern Ontario but also for the province as a whole, and also their implications for the whole strategy of development which the Treasurer has put forward in his budget, in his speeches, and consistently, both during the current time he has been Treasurer and before.

In the budget, Mr. Treasurer, you said the government had made investment and free enterprise central concerns in all of its activities, but our observation is that you have consistently made various kinds of corporate welfare central to your economic strategy and that they are not working. We see now a continued decline in employment at Inco in the Sudbury area.

It's not just 2,800 jobs now, it's a total of about 5,000 to 6,000 jobs that have been eliminated in Inco over the last six or seven years and all of the indications are that that may go on, plus the elimination of jobs at Falconbridge, plus the layoffs at Falconbridge. There has been an enormous spending of public funds going along with that particular reduction of jobs. It just seems to me, and to my party, that your strategies are not working.

Can you, Mr. Treasurer, give us a figure for the total amount of tax concessions which has been given to Inco and to Falconbridge specifically, and how many jobs that has created in the Sudbury area over the last five years?

Hon. Mr. McKeough: No.

Mr. Cassidy: Have you got any estimates at all?

Hon. Mr. McKeough: No.

Mr. Cassidy: Have you ever talked to the company and asked them to create jobs on the basis of the tax concessions they are being given?

Hon. Mr. McKeough: Have I specifically at Inco? No.

Mr. Cassidy: Okay, have your officials or have other people in the government, other ministers?

Hon. Mr. McKeough: No. Prior to my time, perhaps, but not now.

Mr. Cassidy: Let me just put some figures on the record, then. Two years ago, the government decided to give a five-year deferral of the disallowance of foreign processing costs in assessing producers' mining tax. That

was a concession that was particularly valuable to Falconbridge, a bit less so to Inco.

Hon. Mr. McKeough: A bit less so?

Mr. Cassidy: As I understand it, yes.

Hon. Mr. McKeough: You'll have to ask the Minister of Natural Resources (Mr. F. S. Miller) this, but as I recall it's something less than 10 per cent. I'm not sure, but if it's not that, either one or two goes to the plant in Wales.

Mr. Cassidy: I'm saying it's of less value to Inco. But Falconbridge is doing its layoffs as well, Mr. Minister.

Hon. Mr. McKeough: No, but we were talking about Inco.

Mr. Cassidy: I mentioned Falconbridge.

Hon. Mr. McKeough: Oh, okay!

Mr. Cassidy: The value in 1974-75 was \$15 million for the industry as a whole, of which about half went to Inco.

Hon. Mr. McKeough: Yes, those are sanctions—I'm not trying to limit discussion—under the Mining Tax, which are administered by the Minister of Natural Resources and not by me.

Mr. Cassidy: I'm sorry. Those are part of your fiscal strategy and that's why we're talking about them.

Hon. Mr. McKeough: Okay.

Mr. Cassidy: Do you feel that the declared intention of that particular concession to Falconbridge has been successful in creating jobs?

Hon. Mr. McKeough: I think it's fair to say that there is a possibility that, had the exemptions not been granted, Falconbridge would have continued to run its operation in Norway and brought nickel from other parts of the world and closed down Sudbury. I think that's a fair commentary.

Mr. Laughren: You were intimidated too. They called your bluff.

Mr. Cassidy: Yes, that's right. For a very brief moment you tried to lean on the companies and then you backed right away from that particular requirement—

Hon. Mr. McKeough: No.

Mr. Cassidy: —which has been in every strategy statement for the development of northern Ontario. Ontario's government has said again and again that processing has got to be done in the north, but, in fact, you haven't done it.

Mr. Martel: I hear Al Lawrence screaming for it at the federal level.

Mr. Cassidy: You are now giving a fast write-off to correspond to the federal fast

write-off on investments, and as we reckon it, the savings for Inco in 1976 alone of the two fast write-offs amount to \$46 million over what the company would have paid in taxes under the old system. Would you agree that that's about an accurate estimate?

Hon. Mr. McKeough: I wouldn't approach it, but I wouldn't have any idea. I don't make a point of examining the tax returns of any company in this province. For one thing, I'm not allowed to do so.

Mr. Cassidy: I got these figures from the annual reports of Inco, which are public documents.

Hon. Mr. McKeough: I don't make a particular practice of looking at the annual reports of Inco either.

Mr. Cassidy: It seems to me, Mr. Treasurer, given the economic importance of corporations like Inco—

Hon. Mr. McKeough: Let me point this out. We were talking about this a little earlier tonight and this is something that you'll never get through your head—

Mr. Martel: We're not as bright as you.

Hon. Mr. McKeough: —there was a point five years ago when International Nickel stock was selling at \$54 a share. Today it's selling at \$18. If you think any damn fool is going to invest his money in Inco then you're crazy. Your answer and your only answer is, "Take it over and nationalize it."

Mr. Makarchuk: No, no.

Hon. Mr. McKeough: Sure it is.

Mr. Martel: That's crap.

Mr. Cassidy: You have no answer at all, Mr. Treasurer.

Hon. Mr. McKeough: Sure it is.

Mr. Cassidy: Your answer is to give more and more handouts to the private sector—

Hon. Mr. McKeough: You just don't understand all about it and you don't want to understand.

Mr. Wildman: You understand it so much, it's a wonder it doesn't work.

Mr. Chairman: Order.

Mr. Martel: What did your colleagues sign for, Darcy? With all your BS aside, why would your colleagues call for the takeover of 50 per cent equity in mining? Were they as dumb as you?

Hon. Mr. McKeough: They didn't sign that report and you know it.

Mr. Martel: I've got the report here.

Hon. Mr. McKeough: It is not government policy.

Mr. Martel: They signed the report.

Hon. Mr. McKeough: Well, you have your argument with them.

Mr. Martel: Don't come around and tell us—

Hon. Mr. McKeough: Nonsense.

Mr. Chairman: Order. Mr. Cassidy has the floor.

Mr. Makarchuk: How much money did Inco raise from its shareholders, when you say that they did raise money for them?

Mr. Cassidy: Okay. Mr. Chairman, the federal tax credit of five per cent on eligible new buildings, machinery and equipment amounted to \$10 million for Inco in 1976. The provincial sales tax exemption on machinery, we would estimate, amounted to about \$10.5 million to Inco in 1975, and \$15 million in 1976, for a total of \$25 million. Has that created jobs up in northeastern Ontario, Mr. Treasurer?

Hon. Mr. McKeough: No, obviously what it has done is depress the price of the stock from \$54 to \$18.

Mr. Cassidy: That wasn't the question I asked.

Hon. Mr. McKeough: No, no, but that's the end result. That's the bottom line, of which 10 per cent of that stock is owned by employees' union pension funds. You might start worrying about that. You're damn right it is.

Mr. Cassidy: The bottom line is in terms of jobs—

Mr. Laughren: Another red herring.

Hon. Mr. McKeough: Oh, no.

Mr. Cassidy: —regional developments, environmental protection, all those things.

Hon. Mr. McKeough: That's fine if you don't care whether anybody makes money or not, and you don't.

Mr. Cassidy: I do, but it seems to me that there are other things as well, and you have said that yourself, Mr. Treasurer.

Hon. Mr. McKeough: Oh, certainly, but I'll tell you, all those things go out the window—regional development, jobs, economic growth—unless you have a viable operation. When you can't sell the nickel, that's what it boils down to. You don't have a viable operation.

Mr. Cassidy: You're saying that Inco is not competitive, is that right?

Hon. Mr. McKeough: Inco is competitive.

Mr. Cassidy: Make up your mind then.

Hon. Mr. McKeough: Inco, by its own statements, says it is competitive, but there is a world oversupply—

Mr. Martel: Who glutted it?

Mr. Laughren: Not for 1975.

Mr. Martel: Who glutted it?

Hon. Mr. McKeough: I don't know who glutted it.

Mr. Martel: Who is the major producer?

Hon. Mr. McKeough: Listen, when I was a young man I was brought up to believe that we had the nickel in Canada at that point, and I remember John Fisher saying in a speech that we produced 85 per cent of the world's nickel. Today we produce 30 per cent. I don't think Inco oversupplied the market.

Mr. Martel: Who has?

Mr. Laughren: They own the plants in the other countries in which they operate.

Hon. Mr. McKeough: That is nonsense and you know it.

Mr. Martel: Who's in New Caledonia? Who's in Guatemala and Indonesia?

Hon. Mr. McKeough: How much production are they getting out of either Indonesia or Guatemala? How much?

Mr. Martel: They're in with the Japanese companies and you know it.

Hon. Mr. McKeough: None. There's no production from those mines.

Mr. Chairman: Mr. Cassidy has the floor.

Mr. Cassidy: Mr. Chairman, the total of deferred income in mining taxes which Inco now shows on its records is approximately \$370 million. That is money which has been advanced to Inco, in effect, by Ontario and by the federal taxpayer which they would otherwise be liable to pay.

Do you, Mr. Treasurer, feel that that is helping to create employment in the country or in the province?

Hon. Mr. McKeough: Mr. Chairman, obviously we have a difference of opinion here tonight. I don't agree with the thesis being advanced by the member for Ottawa Centre. I'm also conscious of remarks, made in the House by the official opposition on Friday last, that one of the problems with the mining industry in this country is that the taxes are too high. I don't think we're going to agree on something tonight.

I suppose my view would be that the taxes are about right. I don't expect the committee to accept that point of view particularly, but the philosophy of my party has been to try to encourage further refining and processing in this country, and we've had some success at that, not as much as we would like to have had. We have not had success with Falconbridge and those reasons can be

explored with the Minister of Natural Resources who is familiar with that exemption—completely familiar. I am not.

We have had a great deal of success with Texasgulf. Whether that's entirely in the long-run interests of the country as a whole, I would be glad to debate with the members at some point or another.

Mr. Wildman: Partially public-owned.

Hon. Mr. McKeough: But the fact is that we have one party in the Legislature saying that our mining taxes are too high; I refer to the Leader of the Opposition (Mr. S. Smith) on Friday last. We have another party saying we are not taking enough out of the mining industry and that, basically, we should break the companies' backs to the extent that we take them over and nationalize them.

I don't think really, with great respect, Mr. Chairman, we are going to settle those differences of opinion here tonight.

Mr. Cassidy: I want to ask the Treasurer, in view of the enormous amounts of tax concessions which have been given to Inco and to Falconbridge, what is his concept of the responsible behaviour of companies like that, in return for the dollars which the Ontario taxpayers and the people of Canada have put into those companies?

Hon. Mr. McKeough: I would look at it another way. What you're saying is that they have been benefited too much; obviously, from my point of view, the criticism could probably be made, perhaps, that we haven't benefited them enough. If you look at an average situation, for example, Anaconda—a manufacturing plant in this city which has said it is going to close down—were paying not a mining tax. Were paying a straight manufacturing tax. They say they're no longer competitive, for whatever reasons.

Mr. Martel: Their Buffalo plant?

Hon. Mr. McKeough: They have a problem. I think we have a number of people in this economy who have a problem. But the problem is not going to be solved, in my view and from my limited knowledge of business, by building up an inventory which is really then just a cloud over the whole marketplace that would probably further depress prices.

Mr. Cassidy: Do you have any concept of responsible behaviour by the corporations? In your opinion, does Inco have any responsibility to the people of Ontario because of the time that it's been exploiting our natural resources?

Hon. Mr. McKeough: Obviously, yes, I think they do.

Mr. Cassidy: Can you explain what you think that concept of responsibility is?

Hon. Mr. McKeough: I'm not sure that Inco have been the worst corporate citizens in the world. I doubt that there's a corporate citizen who you think has been a good citizen. I'd be interested in knowing if there was one. Is there?

Mr. Cassidy: Sure.

Hon. Mr. McKeough: Name one.

Mr. Cassidy: I talked to a boiler manufacturer—

Hon. Mr. McKeough: Who? Name one.

Mr. Cassidy: A lot of companies—

Hon. Mr. McKeough: Name one.

Mr. Cassidy: I'm talking to you, Mr. Minister—

Hon. Mr. McKeough: Name one.

Mr. Cassidy: I'm talking to you—

Hon. Mr. McKeough: Name one, name one. There isn't a large corporation in this province or in this country that you think has been a good corporate citizen and you know it.

Mr. Cassidy: That's balderdash.

Hon. Mr. McKeough: Name one. Come on, name one. Come on, name one.

Mr. Cassidy: I'm not going to give them—

Hon. Mr. McKeough: Just one! Dofasco?

Mr. Cassidy: Once you have finished with your tantrum—

Hon. Mr. McKeough: Dofasco? They're non-union. You'll never name them. You'll never name them. Name one! Name one large corporate—

Mr. Cassidy: I'm asking you, Mr. Treasurer, to say what are the responsibilities of Inco, which has taken \$1.7 billion—

Hon. Mr. McKeough: That is nonsense. Just name one. Give me the name of one large corporate taxpayer who you think is a good citizen. There isn't one and you know it.

Mr. Peterson: McKeough's Plumbing.

Mr. Cunningham: Long's Cafe.

Hon. Mr. McKeough: Name one.

Mr. Cassidy: Oh, come on now.

Hon. Mr. McKeough: There isn't one. Name it, come on. Let's hear it. Who is it?

Mr. Martel: A little louder, sir. We can't hear you.

Hon. Mr. McKeough: The United Farmers

Co-op, I suppose. That would be your idea. Come on, name one. Just try one.

Mr. Cassidy: I'm still asking you, Mr. Treasurer—

Hon. Mr. McKeough: Give me the name of a large corporation—

Mr. Chairman: Order.

Hon. Mr. McKeough: Come on. Give me one. You're here to make constructive suggestions. I'm here to learn. I am terribly interested in knowing the name of one large corporation in this country that you think is a good corporate citizen. Come on, name one.

[9:00]

An hon. member: That's the end of that discussion.

Mr. Cassidy: Have you finished your tantrum?

Hon. Mr. McKeough: No, I haven't finished.

Mr. Cassidy: Are you going to go on?

Hon. Mr. McKeough: I am going to remember that.

Mr. Cassidy: Keep it up.

Hon. Mr. McKeough: You are going to attack every corporate citizen in this province and you know it. Why don't you face up and admit it?

Mr. Cassidy: I'm going to be making a lot of constructive suggestions about the way in which we can work with the corporations.

Hon. Mr. McKeough: Come on, name one.

Mr. Chairman: Order. The member for Ottawa Centre has the floor.

Hon. Mr. McKeough: There should be some you don't have to work with because, surely, some of them today fit your mould, and are good corporate citizens. I just ask you to name one.

Mr. Cassidy: That's okay. I don't want to get into that, Mr. Minister.

Hon. Mr. McKeough: Name one.

Mr. Cassidy: I just want to ask you about—

Hon. Mr. McKeough: I just want to expose the fallacy and hypocrisy of your position; today it's Inco and tomorrow it is somebody else.

Mr. Cassidy: Not at all.

Hon. Mr. McKeough: You don't know a good corporate citizen.

Mr. Cassidy: You name a few then.

Hon. Mr. McKeough: I can name a lot.

Mr. Cassidy: Okay, go ahead.

Hon. Mr. McKeough: I can name a lot.

Mr. Cassidy: Okay, go ahead, name one.

Hon. Mr. McKeough: I can name a lot.

Mr. Cassidy: Name one.

Hon. Mr. McKeough: Do you want me to start?

Mr. Cassidy: Yes.

Hon. Mr. McKeough: Sure, I'll start with the Steel Company of Canada.

Mr. Cassidy: Okay.

Hon. Mr. McKeough: They have a damn good labour-management relationship. I name Dofasco who don't have a union. I name Algoma who do have a union. I can name a lot—John Labatt Limited, The T. Eaton Company Ltd. who don't have a union. I can go right down the list. I would name Massey-Ferguson Ltd., who have taken a little company and moved out into the world markets, and are a credit to this country. Now, you name one. You can't and you won't, because you hate them all, and if you were honest you would admit it.

Mr. Cassidy: That's not true, you know, Mr. Minister.

Hon. Mr. McKeough: Well, it is.

Mr. Cassidy: That is not true.

Hon. Mr. McKeough: Well, all right, name one.

Mr. Cassidy: Okay.

Hon. Mr. McKeough: Okay, you can't. Let the record show that Mr. Cassidy can't name one ideal corporate citizen of this province.

Interjections.

Mr. Martel: Who has the floor?

Mr. Chairman: The member for Ottawa Centre.

Mr. Cassidy: Mr. Minister, I want to know what consultations your government has had with Inco about their development in the northeast, and about the kind of responsible behaviour you expected to come from that company.

Mr. Martel: They didn't bother telling you.

Mr. Cassidy: There was none, was there?

Hon. Mr. McKeough: Mr. Speaker, Mr. Chairman—

Interjection.

Hon. Mr. McKeough: A slip, let the record show.

Mrs. Campbell: Freudian, no doubt.

Hon. Mr. McKeough: Freudian, yes.

Those consultations would be with the

Minister of Natural Resources rather than with me.

Mr. Cassidy: The minister said in the House that the government has been aware for some time of the softening market for nickel. What initiatives were taken by the government in order to try to anticipate the situation, in order to, at least, alleviate possible layoffs when it became aware that the nickel market was softening?

Hon. Mr. McKeough: The reflection, if any, of action on the part of the government would be the Minister of Natural Resources.

Mr. Martel: He won't even answer his mail, so it doesn't matter much on this situation.

Mr. Cassidy: Do you, as minister, have any intelligence coming from your economic forecasters about situations like this which have such a grave impact on the economy?

Hon. Mr. McKeough: No. As I indicated in the House, I have been reading the Globe and Mail and have been noting weak metal markets and weak markets generally in commodities for some several months.

Mr. Cassidy: But what did you do about it, Mr. Minister?

Mr. Peterson: In fairness, you can go back to 1970 to see a softening of the nickel market over the next decade. Everything they said came true.

Mr. Chairman: The member for Ottawa Centre.

Mr. Cassidy: Mr. Chairman, I want the minister to say what he did about it. It's nice to know that the economic intelligence he gets comes by reading the Globe and Mail, and doesn't come from his own people in his ministry. But what did he do about it if he finally realized through the Globe and Mail that something was going wrong?

An hon. member: Nothing.

Mr. Cassidy: Did you ask your ministry to look into it? Did you speak with the Minister of Natural Resources?

Hon. Mr. McKeough: I suppose I should have flown down to Pittsburgh and called on United States Steel and said, "Please, United States Steel, would you buy some more Canadian nickel." What other than that might I have done?

Mr. Cassidy: It would have been interesting if, when the government sent a delegation, including the Premier (Mr. Davis), off to Japan, there might have been some discussions there about access into the Japanese market, since it appears that that is one of the problems we have. Did the minister, in

fact, make any such recommendations when that particular mission was being prepared?

Hon. Mr. McKeough: I did not. The Minister of Natural Resources may well have. That is something you will have to ask him.

Mr. Cassidy: Were there any discussions between you, Mr. Minister, and the Ministry of Natural Resources about the weakening situation in our province?

Hon. Mr. McKeough: Yes, there have been a great number.

Mr. Cassidy: Can you elaborate?

Hon. Mr. McKeough: We have been watching, obviously—

Mr. Martel: The Globe and Mail.

Hon. Mr. McKeough:—what has been happening to our mining taxes and metal prices and our views have been substantiated by their views.

Mr. Cassidy: What have you done? What initiatives did you take at the time of the Falconbridge layoffs this summer, for example?

Hon. Mr. McKeough: None.

Mr. Cassidy: None. You see, Mr. Chairman, the problem we face is that in northeastern Ontario there have been efforts by this party and by people in that area for a very long time to get a strategy and to get development which diversified the economic base of that area. Nothing has been done. We talk to the minister and ask what he's been doing in the short term when the situation started to soften, as had been predicted a long time ago that it would, and nothing has been done.

This is a do-nothing minister and this is a do-nothing ministry. You've sat idly by and allowed all of this to happen while, in the meantime, you've been giving \$375 million worth of tax handouts to Inco. It seems to me that's a pretty poor excuse for a strategy, Mr. Minister, a pretty poor excuse indeed.

Does the minister have any concrete suggestions to make right now? Does he associate himself with the federal government's suggestion there may be nickel dumping?

Hon. Mr. McKeough: No.

Mr. Cassidy: Does he associate himself with the suggestion that there should be a nickel cartel?

Hon. Mr. McKeough: No.

Mr. Cassidy: Do you have any suggestions, Mr. Minister?

Hon. Mr. McKeough: The suggestions which have been made by the government to alleviate what I believe is a short-term problem will be in the area of attempting to

retrain or relocate. Those are matters which are not under my particular purview.

Mr. Cassidy: Do you draw any conclusions from this about development strategy for the northeastern region of the province in order to ensure—

Hon. Mr. McKeough: I don't think anywhere in the development strategies, either for northeastern or northwestern Ontario—and this is really the next vote, 1103—have we minimized the substantial effect or impact or need for a strong resource industry in both northeastern and northwestern Ontario. I recall saying something about Sudbury, which I might at times regret, just a few months ago.

Mr. Cassidy: Yes, and it's well remembered up there too.

Hon. Mr. McKeough: That's right.

Mr. Cassidy: You said there would be no secondary manufacturing for 20 years in the north.

Hon. Mr. McKeough: I did not say that.

Mr. di Santo: Yes, you did.

Mr. Laughren: Correct the record.

Mr. Cassidy: Correct the record with what you said, Mr. Minister.

Hon. Mr. McKeough: What I said was that it was ridiculous—not ridiculous, but unrealistic to think that somebody is going to make refrigerators in Sudbury or cars in Thunder Bay. Transportation makes that too difficult. I think, in Sudbury and Thunder Bay—and we really are under the next vote, Mr. Chairman, and we're into the Ministry of Northern Affairs as well—there is a place for certain kinds of service industry, a manufacturing industry which is complementary to the resource industry and/or the tourist industry, but I doubt that we're going to see many kinds of secondary manufacturing in northern Ontario during my lifetime.

Mr. Martel: Not with this government.

Mr. Makarchuk: Have you looked at Inco's plant in Huntington, West Virginia, for fabricating and processing the metals, where it makes monometal and so on, and employs about 4,000 people, with a payroll of probably \$60 million or \$70 million?

Hon. Mr. McKeough: Are you suggesting that should be moved?

Mr. Makarchuk: I'm suggesting that perhaps pressure should be put on the company to do some of that in Sudbury, because it's the Sudbury raw resources that are going in there to feed this plant.

Mr. Cassidy: Mr. Chairman, I know that my colleagues want to go on about Inco. I

just want to read to the minister one quote from a speech that he made to the Conference Board a year or so ago, when he said he felt that governments had for too long carried the burden of regional development alone. Then he said: "With just a little more social awareness in our decisions about where we set up new operations, we could have a significant impact."

That means, as I understand it, Mr. Minister, that your regional development strategy for northeastern Ontario is that you hope that the private sector will have a little more social awareness, and that includes Inco. Is that correct?

Hon. Mr. McKeough: Mr. Chairman, I must say that since that time, and really before that time, I've been very encouraged by the number of people—and I don't see that many; obviously the Ministry of Industry and Tourism sees more—who make a genuine attempt and run an economic analysis, if that's the right word—again, I say, we're really into the next vote, into the third vote—as to where in terms of a development strategy for the province they might locate. I think it's fair to say I hear about the ones who don't, rather than those who do.

I had one in my office as late as Monday. They are looking at five locations—hopefully, for expansion in Ontario; one of them is in northern Ontario. They are sure before they start the study that the transportation economics and the distance to market are not going to make it practicable. But they are making a real stab at looking at that area, because they recognize that federally, provincially and locally that would be desirable in terms of land use; in terms of regional development, generally. I will not be surprised, and they will not be surprised, I think, when the study says they should be somewhere in southwestern Ontario, or somewhere in the Toronto-centred region.

I don't think the battle has been won yet, not by a long shot, but I have also had people in the office who have not been aware that we would like to direct more growth east of Toronto rather than west of Toronto, aside from northern Ontario; not that many, but some.

I was gratified to hear what I heard on Monday morning that this particular company was taking a good look at the economics of locating somewhere in northern Ontario. They named a location which sounded sensible to me, but I will not be surprised if the results are negative, despite, I might say, some favourable federal and parallel provincial tax actions, and probably

—this is guessing—some assistance under RDIA to so locate. But I don't think the economics will still be right.

This happened to be a manufacturing industry. When we are trying to build up our manufacturing base—and, again, I say we are really on the next vote—I am not going out of my way to persuade people to locate in an area which according to their studies is not economic.

Mr. Cassidy: So what you are saying, Mr. Minister, is that social awareness is nice to have, but it isn't going to have any concrete results.

Hon. Mr. McKeough: I think it has had some results.

Mr. Cassidy: Like in Sudbury? Can you give us some examples from the northeast?

Hon. Mr. McKeough: Not specifically in Sudbury. I can in Parry Sound. We have some industries that I think would not have been there, other than through RDIA assistance—

Mr. Cassidy: What about Blind River?

Hon. Mr. McKeough: —or through some social awareness or political awareness by government that that is where it would like to see industry grow, and that it is where there is a good work force and lots of space to do a lot of things.

I think there is an awareness. I don't think the awareness is always going to be translated into action. But since I made that speech a year ago, I have been pleased with some of the awareness I have seen.

Mr. Peterson: Amazing what one of your speeches can do.

Hon. Mr. McKeough: No, I don't think it had anything to do with it.

Mr. Cassidy: One speech, no names, but you're pleased. Is that right?

Hon. Mr. McKeough: No, I did not tie it into the speech. Obviously, the member knows that. I tied it into a sense of corporate responsibility; but since there isn't a corporation in Ontario or Canada that has any corporate responsibility, then that would go over your head.

Mr. Peterson: Mr. Chairman, I want to speak on this at much greater length and engage in a dialogue, if at all possible, with the Treasurer. Maybe I could just make a few remarks about this Inco situation and then pass on. I gather there are some other members who want to talk to this, too. Would that be all right if I just threw in our three cents' worth right now?

We have been greatly troubled by this whole thing, and we are putting it into the

context of regional development, I guess, right now. I want you to know that from our end we very strongly encourage all of the moves that you are making at any kind of diversification of the bureaucracy—your move of the liquor warehouse, your move of OHIP to Kingston and all those—

[9:15]

Hon. Mr. McKeough: That really is the regional development strategy which is the next vote.

Mr. Peterson: Okay, I'm relating this to the Inco thing.

Hon. Mr. McKeough: I guess Inco is really the next vote, unless you want to tell me that—

Mr. Peterson: We're on Inco right now, we've decided that, so maybe someone else—

Hon. Mr. McKeough: If we're on Inco then the question is whether mining taxes are too high or too low—

Mr. Peterson: I'll decide what the bloody question is and you answer it.

Mr. Martel: Without yelling. You are like a petulant little boy, Darcy.

Mr. Chairman: With respect, if we are going to get into the regional development strategy, it does come under 1103. There are certain aspects of the Inco discussion that would come under this vote. If we're talking about regional development per se it does come under the next vote.

Mr. Peterson: I'll scratch that part of what I was going to say. Let me just say that I am frankly appalled by what little sensitivity you showed and what lack of information your government had on this particular issue. It's all very easy after the fact to sit back and cast stones in an extraordinarily difficult situation. But I want you to be very clear on our view of this situation. We think that you are very seriously at fault for not having a better understanding and not having attempted—using your good offices and the great power of this government—to understand and try to prevent these kinds of problems.

I'm not saying it can be completely done, but there are a lot of things that could have been done. The Premier, sure as hell, could have taken somebody in the nickel business with him to Japan and attempted to do something on behalf of this government. He should have known that a couple of months ago and you, the Treasurer, should have known.

It is beyond me how constantly you take this total hands-off policy on any kind of suggestion of industrial strategy or resource strategy. I really believe, and I say to you

as charitably as I can, that as chief financial planner for this province you are necessarily going to have to involve yourself more in these kinds of decisions.

It's interesting to look at Guatemala and Indonesia and at the Inco operations in those countries; they are far more stable than they are in this country, and that's, probably, the funny thing.

Mr. Martel: Inco is scared of their governments.

Mr. Peterson: This is true. They have the backing of very strong dictatorships who necessarily need the creation of that wealth in that country and create the proper atmosphere. But we work at this sort of adversary relationship with these companies; some days it's good and some days it's bad, depending on the political undercurrents. I don't find offensive, in any way, more liaison and more working with them to try to understand their problems.

Let me be particularly specific. I understand the problem of developing the producing industry in this province, and I am in very much in favour of it. I would like to see 100 per cent of all nickel processed here. But that, believe me, is not a reality given the world situation today. The Japanese, for example, are probably the world's biggest market for nickel but they are tougher than we are in many senses. Heretofore, they've imported about 20 to 30 per cent product. They bring the oil in from the Middle East and they bring the nickel from various countries of the world. They can process it and refine it in Japan and create jobs there far cheaper than it can be done in other circumstances.

There's an example, in my judgment. I don't believe that the Japanese model is transportable, but there are certain lessons to be learned and I think that, frankly, you've been irresponsible in not involving yourselves more in some of these things.

It would not offend us a bit—and we think it should be done—if you assisted in attaining certain contracts for a company like Inco. I have absolutely no objection whatsoever to exempting them, to giving a specific exemption on a specific contract to sell less refined or less processed goods on certain contracts to certain countries. Those happen to be the international realities.

There is no righteous way around them. There is no easy way around these situations. You can say that we should do it all here, but I tell you if we do it all here, Canada—having something like five per cent of the nickel

market—just won't sell anything. Those are the sad realities.

Mr. Cassidy: You are even more of a sell-out than the Treasurer.

Mr. Peterson: Honest to God, Michael, you are so naive about this situation that it's unbelievable. Sorry, Darc, I'm helping you out and I don't want to do that. But I want to say to him that I really think that you are at fault for not getting more involved, and not having better information, better intelligence on these kinds of things.

When you look at almost any sector in this province, and we will get into this later, and you look at the whole rundown of our capital infrastructure, at the erosion of our manufacturing base, like it or not you are going to have to involve yourselves. I implore you, and I would beseech you, don't take this hands-off approach any longer in the name of some sterile doctrine of free enterprise. You cannot afford it.

The progressive governments, the active economies in this world, are not taking anything resembling the same approach. We run into these funny problems where there are certain restrictions as to what we can export out of Ontario; you cannot export it into another country and you end up soft, with nothing happening. I think you have to tailor your tax policies, and everything else, to what is viable in today's scene. You walk this funny line so that you are constantly being harassed on both sides. The only solution for you is to involve yourself more, and that is one of our very constructive situations today.

If Inco came to me and said: "Would you, as the treasurer of the country, come and assist us in obtaining exemption for a specific contract which is going to create more jobs and help keep the Sudbury basin going?" I would have absolutely no hesitation at all about bringing that legislation into the House. We would clearly support it.

Those are, in my judgment, some of the specific tools you have. You see, we are in this position today: we have to look at the specific tools that we have in our arsenal. Today and not tomorrow; because in all of your dreams about dumping \$1 billion or \$2 billion into Inco, you would end up with a transfer of ownership and no net change in position, you would still have the stockpile.

Mr. Cassidy: We want them to behave responsibly, you want to encourage their irresponsibility; that is the Liberal position.

Mr. Peterson: Garbage!

Mr. Cassidy: It was totally irresponsible,

completely irresponsible to ask the House to pass that.

Mr. Chairman: Order.

Mr. Peterson: You know, I was sitting here tonight and I looked across, turned to my friend on the left and I said—

Mr. Cassidy: I have had 14 ambassadors from the developing world call me about your stance, you know?

Mr. Peterson: I just looked at the NDP cabinet sitting right over there and I despaired; honest to God I despaired for this country.

But anyway, I just want to—

An hon. member: I bet they all called you Mike—ridiculous!

Mr. Peterson: I don't want to get into this any further at this point, but—

Mr. Wildman: Jack Horner really does belong in your party.

Mr. Peterson: I just want to leave that very strong message with you, Mr. Treasurer.

Mr. di Santo: Blame your friend, the free enterprise system.

Mr. Peterson: We think that it is one phase of a multifaceted strategy that you need very quickly to solve these kinds of problems. What I despair about more, I think, is that this is probably only the first, and my judgement tells me we are going to be facing these tragedies on a hell of a lot more regular basis than we have. We are going to see it in different sectors.

If we had not had this artificial support of this cheap dollar, we would be in a substantially worse position than we are today. This is the last refuge of a sick economy. You stick up tariffs, you stick up quotas, then you devalue your dollar; you have no other way out of it. We are going to have to come very seriously to grips with this problem.

Mr. Makarchuk: Who is running this country?

Mr. Wildman: Just ask Jerome, he will tell you.

Mr. Chairman: Order.

Mr. Peterson: That is good enough for now. I assume I am on the list to come back on economic policy?

Mr. Chairman: You are.

Mr. Peterson: If the Treasurer would like to respond to that, I would be very grateful.

Hon. Mr. McKeough: I don't disagree with what the member for London Centre has said in terms of the necessity for governments at two levels in Canada, perhaps three, to restore some element of confidence—

Mr. Peterson: It goes far beyond that.

Hon. Mr. McKeough: —and to create the climate, by a whole variety of means, for entrepreneurs and ambassadors, to let the private sector and the market economy work. I can only point out—I don't say this in a partisan way, the first part of what I am going to say—that in his litany he might well have made mention of the two speeches made by the Prime Minister of Canada, nearly two years ago now, which probably did as much to undermine confidence in this country as any single fact—

Mr. Martel: Didn't give enough away.

Hon. Mr. McKeough: I would only read into the record I suppose—except I won't take that time—and add to what he has said that I would like to hear him defend, if he would like to, the silly, impractical, unrealistic, stupid, dumb remarks made by his leader in the House on Friday.

Mr. Peterson: Just so we are quite clear, you are here to defend today. I am not here to defend Pierre Trudeau. That's not my responsibility.

Hon. Mr. McKeough: I am asking you to defend what Stuart Smith said.

Mr. Peterson: And you asked him to name some companies. You are here to defend. You are here to explain.

Hon. Mr. McKeough: If you are really interested in investment in this province, then read what Ronald Anderson said in his column this morning about what your leader had to say on Friday.

Mr. Peterson: I read the chief source of your economic information, the *Globe and Mail*—

Hon. Mr. McKeough: No, it's not.

Mr. Peterson: You just said earlier that it is.

Hon. Mr. McKeough: I was just appalled when I heard on Friday from a party which includes you on the right wing and him as leader—

Mr. Peterson: Would you kindly address—

Hon. Mr. McKeough: He did everything but call for nationalization. It was a great confidence building exercise which your leader, I guess supported by you—

Mr. Peterson: Would you kindly address your highly trained plumbing mind to the question of industrial strategy?

Hon. Mr. McKeough: Yes, I would.

Mr. Peterson: Then answer the question. Answer the question and don't start changing this thing around. These are the most de-

structive—you are the worst minister in this government at trying to impart information on a reasonable and sensible basis. If this committee breaks down, it is completely 100 per cent your bloody responsibility. You have an obligation to this Legislature and this committee to answer as reasonably as you can the question before you. The question is about industrial strategy. The question is about resource strategy and your perception of what government's involvement should be with the resource sector and with the industrial sector. That's the question.

Hon. Mr. McKeough: In a word, this government has two responsibilities: to create a climate by awareness to encourage investment, development, research and higher technology in the Ontario and in the Canadian economy. My specific responsibility in that area is to develop tax policies which I think encourage and enhance those strategies of the government as a whole.

Mr. Peterson: And do you think you have done that for these companies? Are you happy with the combination of taxes—Inco gives these figures out and I am going to be off but it's something like this. In 1975, they paid—excuse me if I am wrong—as I recall something like \$75 million in income tax, something like \$20 million in associated other taxes, mining taxes and whatever—no I guess that was 1976. In 1977 they will pay \$6 million in income taxes and some—

Hon. Mr. McKeough: Mining profits.

Mr. Peterson: —no, I think it is income tax and some \$40 million in the associated other taxes including mining taxes.

Hon. Mr. McKeough: I think the figures as I understand them—and I asked them if they could be made public and I don't have them here tonight—but in 1974 they paid something like \$76 million in Ontario mining taxes and in this current year they will pay something like \$6 million in mining taxes. I was therefore interested to hear that the Leader of the Opposition thought our tax structure was too high and was therefore—

Mr. Peterson: I am sorry. Let me re-explain the point because I don't think I made it properly.

Mr. Martel: They only made \$5 million profit in the first eight months.

Mr. Peterson: The point I think is that income taxes which are graduated—progressive income tax—will substantially decline this year. It's a function of loss of revenue and loss of profit. But the non-progressive taxes—the non-income taxes are

substantially increased through various other kinds of—for want of a better word I'll call them nuisance taxes—it's a bad word but I just used it—and they have increased dramatically. Are you following my point?

Hon. Mr. McKeough: No, their tax figures that I saw have fallen dramatically—

Mr. Peterson: Income tax has, and obviously the mining profits tax has, but other taxes—

Hon. Mr. McKeough: Their workmen's compensation has increased and their municipal taxes have increased, yes.

[9:30]

Mr. Peterson: All of those kinds of things. You take that total tax burden which is not a function of revenue or profits, and it has risen very dramatically. What I'm asking about is the total tax climate. Do you feel that you as chief tax man in this province have a proper tax atmosphere for the growth of these kinds of companies?

Hon. Mr. McKeough: Yes. I'm not sure that there aren't some changes that I would make but basically the answer to that question is yes.

Mr. Peterson: Which areas would you change, or are you contemplating changing?

Hon. Mr. McKeough: I'm not contemplating any changes at the moment.

Mr. Laughren: I should warn the Treasurer I'm just a little guy and I dissolve in tears if he yells at me.

I think I heard the Treasurer correctly when he said he was not going out of his way to convince people to locate in an area they regard as uneconomic. I hope he would correct the record if he did not say that.

Hon. Mr. McKeough: I think I said, and if I didn't, "which they regard as uneconomic."

Mr. Laughren: Yes. It comes to mind in this whole debate that has arisen during this last week that instead of centring today on world markets and the present state of the economy in northeastern Ontario and world markets and the whole bit, we should have stepped back and looked 20 years in the rear view mirror—when there were many people who were telling you the same thing they're telling you now—to insist that there be more processing in the northeast; to insist that if disincentives were necessary you used them so that we could develop the northern part of the province—

Mr. Chairman: I just might remind the member that development strategy is on the next vote if we can bear that in mind.

Mr. Laughren: I'm carrying on with the same debate that was started when we came in here this evening.

Hon. Mr. McKeough: Well, we finally got to mining taxes which is really, I think, in connection with Inco or northeastern Ontario, mining taxes would be the only item under this particular vote. You're talking about a regional development strategy, the lack of it or otherwise—

Mr. Laughren: I thought we were on 1103.

Mr. Chairman: No. We're on 1102.

Mr. Laughren: Could I make a couple of comments, then?

Mr. Chairman: Just one portion of 1102 was carried.

Mr. Martel: That's why everyone got confused, because everyone was assuming you were carrying 1102.

Mr. Chairman: We just carried the local government portion.

Mr. Martel: That's why we got into the type of hassle, then, because—

Mr. Cassidy: Because we agreed to go back to the economic stuff because of the fact that local government was being discussed, I think, when I was absent.

Mr. Laughren: I'm a little confused, then. Are we prepared to move on the regional development?

Mr. Chairman: I'll have to see. I think your colleague, Mr. Cassidy, has some more comments and also Mr. Peterson.

Mr. Cassidy: I think my colleagues from the Sudbury area wanted to talk about this whole private investment strategy of the Treasurer and this kind of blind reliance on giving handouts to large corporations without any concept that you ask for anything in return. It's just a matter of blind faith and I think that if you wanted to pursue discussion in that vein—

Mr. Chairman: That sort of thing, in my judgement, would be in order—

Mr. Cassidy: That's right.

Mr. Chairman: —on 1102, but regional development strategy per se is in the next vote.

Mr. Laughren: Can we move on to the next vote? Is there any objection to moving on to the next vote?

Mr. Ashe: It's your people who are objecting.

Mr. Laughren: We can? Okay. I'll wait.

Mr. Chairman: Mr. Martel.

Mr. Martel: I am like my colleague.

Mr. Chairman: Would you prefer to wait until the next vote?

Mr. Martel: I might as well, because I want to talk to the Treasurer about Inco and Falconbridge.

Mr. Makarchuk: I get perturbed at what the minister's saying, and perturbed at the trend that is developing within government and also liberal parties, about the whole idea that if you have government intervention or if you have mixed economies, somehow things will turn worse. I notice that in the outbursts that have been emanating from the two areas recently, they haven't been saying anything about what Labour's done for England. When it's convenient, they use it, when it's factual they tend to ignore it.

I would like to point out to the minister that there are economies right now operating, that are a lot healthier than ours, in any way you look at them. You find that they are economies where there is a considerable amount of government involvement in running and planning that economy. The governments in Sweden, West Germany or Japan, or England for that matter, are deeply involved in the economy. They take stands. They use various measures to ensure that it operates.

As a result of that, the growth of their gross national product, the growth per capita, has been much higher than in any of the western countries, the United States or Canada. It has been higher for a long time. The result of that is that they have lower unemployment rates; they also have economies that are developing; they have a higher standard of living than we have and they have also managed, somehow, to bring about some kind of a redistribution of wealth.

The minister argues, and this is the standard argument, that you have to concentrate the wealth at the top because you have to have investment. This is a lot of nonsense if you look at the performance of the other countries, because the concentrations are not there. The investment is higher and the other economic factors that relate to the whole functioning of society are a lot healthier in comparison to our own if you look at Japan or Sweden or West Germany and so on.

The cry right now is for free enterprise; we've got to free enterprise. As Eric Kierans says, and a lot of other people say, just exactly what is it that they want to be freed about? What is there in the government right now that really constrains them to do what the heck they want to do? If you look at it very objectively, there really are no con-

straints whatsoever. Where you have the constraints, if you look at the other countries, you find again that because there is some of that involvement, there is some reasonable economic growth.

Again, if you look at the record in Canada or the United States, when our economies did grow it was during the war years when we had a totally socialist economy. It was planned by the government and there was a considerable amount of government involvement.

If it wasn't for that kind of government involvement this country wouldn't have taken off and got to the stage where it is today in terms of industrial growth. If you look at the other countries again you see that involvement is there. This applies to the capitalist economy in the United States and it applies just as equally in Canada.

The other factor that you seem to ignore with your restraint program and your cutting back, et cetera, is that the periods of major growth—particularly in the United States, and I think if there were an investigation you would find the same in Canada—were during periods when social expenditures on social services were increasing and growing.

Right now, you and people like yourself who are running about the province and the country saying; "We have got to free enterprise, we have got to cut back," are the architects of the next 10 wasted years. You are looking for scapegoats. You are lacking imagination. If you read the books about the depression—the periods leading into it and the period during the depression—you will find the rhetoric at that time is identical to the carp you are putting out right now.

Hon. Mr. McKeough: Mr. Chairman, I guess my answer to that very simply would be that if the people of this province in June last had chosen to elect a socialist government they would have done so.

Mr. Martel: You had the money to run the dirtiest election in Ontario's history.

Mr. Makarchuk: He couldn't understand a three-party system working for the Republicans in the United States. He couldn't understand how it is there are three parties. They misjudged the Liberals; that is the reason they are not in power right now with a majority.

Mr. Peterson: Never underestimate us, boys, I'll tell you that.

Mrs. Campbell: I hope I am not going to be told I am in 1103, but—

Hon. Mr. McKeough: We haven't carried 1102 yet.

Mrs. Campbell: I know. I am discussing what seems to me to be economic topics. I am distressed at the way the discussion has gone here tonight, because I think we have not really come to grips with the human element that is involved in this tragedy. We have been ranting and raving at one another, but we really haven't come to grips with the position the government has taken.

The government has been aware, apparently, that this sort of thing could happen. I want to know if it isn't possible for the government, as a part of an economic policy, to learn something from what happened in this particular case, and to cast its sights on other problems which we see as developing, and which I'm sure the Treasurer sees developing and whether or not the government would be concerned.

Can we sit down with some of these other resource industries which are in trouble to try to analyse what their forecasts are at the present time with a view to trying to ameliorate the effects of what may be coming in those resource industries too? Notwithstanding the somewhat abrupt nature of the Treasurer's remarks, I can't believe that he is not concerned with trying to prevent this happening again in this province. Because, surely, the people of this province have to be our first concern.

Could I ask whether any thought has been given to moving in this direction, to sitting down with people to say: "What are your plans? What do you see coming up? What can we do or what can be done, to ensure that this kind of abrupt cessation by way of notice is not going to occur again and again in this industry?"

Hon. Mr. McKeough: I can only assure the member that I think those kinds of conversations go on in the resource areas, which she has raised specifically between the Minister of Natural Resources (Mr. F. S. Miller) and both the pulp and paper industry and the mining industry generally, on an ongoing basis. Whether they're weekly, monthly, or quarterly or yearly, I simply don't know.

Mrs. Campbell: Then do I take it from that, that what has happened is that the Minister of Natural Resources has been discussing these things with Inco to no effect? Is that what I'm to take from that answer?

Hon. Mr. McKeough: That's a question you'll have to ask the Minister of Natural Resources.

Mrs. Campbell: Yes, but you have responsibility in this total area. You cannot continue, surely, to evade the questions.

Hon. Mr. McKeough: I have the responsibility in the area of the tax policy. I don't have total responsibility, no.

Mrs. Campbell: No, but you have as a member of cabinet responsibility over and beyond your particular ministry. We all in this room are deeply concerned, not only about Inco—it's bad enough—but about what we see down the road. What kind of concern are you showing in the total resources industry in combination, as I should think, with other relevant ministers? I'm sorry to say this, I didn't want to be provocative, but I just wonder how relevant some of the other ministers are. I'm speaking of their areas of responsibility.

Hon. Mr. McKeough: I can only repeat that's a question, obviously, I can't answer on a daily basis. I don't have that total responsibility, nor am I about to assume it. I can't, on a monthly, or weekly, or even a yearly basis, talk to all segments of Ontario industry. That's something which is done by the Minister of Natural Resources, the Provincial Secretary for Resources Development (Mr. Brunelle), the Ministry of Industry and Tourism and local—you might put it that way—members of the cabinet, or local ministers.

I try and meet at least once a year on an informal basis with both the mining industry and with the pulp and paper industry, which are the two which we are concerned with at the moment, and hear their assessment of where their industries are going. And obviously, on other occasions I bump into them and get those assessments as well. But that doesn't protect me from all the surprises.

[9:45]

Mrs. Campbell: But does it not occur to you that the very fact there are so many ministries involved with these resource industries that perhaps government should at least take a committee of cabinet, moving together, to sit down with them? Then you could try to come up with some effective planning between you, so that we will not face this crisis on what seems to me as a forecast could be on an ongoing basis. We can't jump from crisis to crisis as a government, surely.

Mr. Cassidy: We are doing it all the time.

Mrs. Campbell: We must not do it any longer. I think that this minister, although he seems to be very precise in terms of his own responsibilities, is a member of cabinet. I would ask if he would not be prepared to urge that those ministries involved would come together to meet with those who are

in trouble, as we see it. They could try together to formulate some kind of economic planning so that this does not occur again—quite apart from what we must do with the Inco situation itself.

Hon. Mr. McKeough: That sort of thing goes on, on an ongoing basis.

Mrs. Campbell: And obviously it isn't effective.

Mr. Cassidy: Ineffective.

Hon. Mr. McKeough: I suppose at every meeting of the Resources Development policy field, and half the other meetings of the policy and priorities committee, and at most meetings of the cabinet itself, we try to blend the concerns of various ministries and the private sector and views expressed in the House into some sort of a rational policy.

The fact is that we have evolved those kind of total policies and I can summarize them very quickly.

In our view the surest path to long-term economic recovery depends probably on two things: One, that governments take a somewhat lesser, or at least no larger, share of the economic pie at least as far as the Ontario government is concerned; secondly, that we do our best to eliminate or reduce the level of hassling, if I can use it that way, or regulatory control, which goes on day by day. Those two things I think would probably be the keystones of our present policies. That manifests itself in a whole host of ways. I think you're aware of our activities in the first area: restraining government expenditure and therefore—

Mrs. Campbell: I'm so glad you adopted our platform.

Hon. Mr. McKeough: —taxation and therefore borrowing.

In the second area, that manifests itself in a number of different ways—in policies or legislation with respect to a whole host of regulatory agencies or regulatory ministries, such as the Ministry of the Environment, the Ministry of Labour. Taxation policy becomes a part of that, whatever impact we can have—and not always successfully, but sometimes with some success—on national policy, those things which are properly—or improperly—but at any rate are being dealt with by the Parliament of Canada. Such things as competition policy, environmental policy, tariff policy and a whole host of areas which are really in their arena but where we feel that we can have some impact, and I don't want to overemphasize it, on their deliberations and ultimately their conclusions. If I were laying out the two cornerstones of our economic policy—and I guess I just have said

what they are—those would be them. I don't think we would particularly add anything to that. Whether all the strings are being drawn together at any given point in time and whether the score is as perfectly played as it could be, I'm not going to suggest that it always is. But I think that by and large we have achieved some success in trying to mould a whole series of policies of ministers into a total package.

Mrs. Campbell: In your deliberations with these various corporate bodies, which I believe to be in trouble, at least potentially and not too far down the road, in discussing with them their problems and trying to work out with them some solutions, would you even consider that the bottom line to them would be, "Look, we are doing this to protect our people in our province; they are sovereign to us. Therefore, if we go this route, we must surely ask you for a commitment to us in return"? Would you even discuss such a commitment?

Hon. Mr. McKeough: I don't think we have to ask for that kind of commitment. We can if it makes anybody feel better. But we met with senior executives of Inco as recently as last April or May to hear their plans. Some part of their concern as a major Canadian multi-national company was their real concern about their declining share of world nickel production.

As I recall their presentation it probably was aimed at that concern, and at their aim and ambition as a Canadian multi-national company not to lose any greater share of the market they have at present. That was their plan; I don't know if it was a five-year plan or 10-year plan. They reviewed their investments in Canada, their investments in Indonesia and Guatemala and the success or otherwise they had had to date. Neither one of those lines really has come into production, but they reviewed what they hope from them, and specifically what they hope to achieve in terms of the Japanese market from those mines when they come into production, although that was a long shot.

We spent some little time, and I think it's fair to say they had some encouragement from us, in looking ahead—I don't know whether it's 10 years or 20 years, or perhaps five years—in deepsea mining of nickel. We in that room took some pride in the fact that a Canadian multi-national company was in the forefront, and very much in the forefront, of moving into that new technology and new area of research, and hopefully of production.

I think it is fair to say that they expressed two concerns which they had then with

the Ontario government. First, they felt that mining taxes, as opposed to the total mining tax, were not working to their benefit or perhaps to the benefit of the Canadian mining industry in terms of new mines. Second, the environmental controls that had been imposed or were being ordered upon them—and they reviewed what they had spent in environmental controls—despite their high level of efficiency, were making it difficult for them to find, if they had to spend the money on pollution control at the rate, I guess, which has been suggested or ordered or whatever the term is, by the Ministry of the Environment—that that was going to impose some difficulties on them. That was as recently as, I think it was April, April or May, that we met with them, just upstairs, and those were the two concerns that they had.

I don't think that the Minister of the Environment (Mr. Kerr) would say that we had been too onerous on them. That's something which, at some point, cabinet in a broad sense will be debating. But I think there are very strongly held views on that subject.

In terms of mining taxes per se, I don't think that they were expressing the views of the company as much as the views of the industry. They would point out that a mine in which the ore is not taken through the refining and processing stage has an incremental tax rate of 67 per cent under the present total of mining and corporation taxes. If they do further processing and refining, which Inco do, then their effective tax rate is somewhat lower. I expressed to them then and have expressed since then publicly, in northern Ontario, that I'm not quite sure I for one would want to change that. I'm not sure the Minister of Natural Resources agrees with me fully on this, but I wouldn't want to throw out the baby with the bathwater in terms of simply going back to wholesale encouraging of new mining ventures in northern Ontario—or anywhere in Ontario for that matter—without some incentive built into the system for further processing and refining and upgrading of Canadian resources. This is not only Ontario policy but is Canadian policy.

I'm quite sure that you can go down and find on the street here and in northern Ontario people who think that we are favouring the refiners and processors. In terms of the mining tax, it would be hard to prove that or otherwise, because the amount of money is the same. But within the same framework, some think we have biased the mining tax in favour of those who are re-

fining and processing. Therefore we have biased against, I suppose, those who simply want to bring ore out of the ground and do something with it. At the present moment iron ore would be the best example—no, it is pelletized—but there are numerous examples.

Those were the two concerns that they expressed to us then. In my meeting with the officials of the company the other day, I asked, "Realistically, would any changes in either of those two areas of concern which you have expressed to us have made any bit of difference in terms of the announcement which you made on Wednesday last?" They said "None whatsoever."

I would point out, rather than debating both those things at great length, that the environmental regulations—other than as a member of the cabinet and as a member of the Legislature and as a concerned citizen—are not my direct responsibility. I'm not prepared to debate whether what we have imposed on Inco or on any other mining company or on any other resource industry, as you have gone that broadly, has been detrimental to the development of Ontario manufacturing or Ontario resource production.

I can only repeat what they said to me, that Ontario taxes were not a factor in the decision which they announced last Wednesday.

Mrs. Campbell: What bothers me is you have stated that there is no production in Guatemala or in Indonesia and that seems to be the case. But is it not a fact they have orders for delivery in 1979 from those two areas? That in fact Sudbury is competitive, and that surely we should look at some share of this from Sudbury itself, if in fact it is competitive? Has that been discussed at all?

[10:00]

Hon. Mr. McKeough: Yes, it was. And they indicated to us that the mines were not yet producing, that their production schedules have been slowed down, but I think you are really getting into the area of questions which someone should ask the company directly rather than my trying to repeat their answers. What is germane to this discussion is whether the Ontario mining tax was a factor. And the Ontario mining tax, I think it is fair to say, was not.

Mrs. Campbell: You see, what bothers me is that at no time do we seem to have come to grips with an overall look at the resource industry. We have not sat down with them to find out what their problems are. We have made concessions. But at the bottom

line there is no commitment from them to us.

Hon. Mr. McKeough: I think that is unfair. I have indicated that as recently as last April or May we did sit down, as I recall, for the better part of two hours and listened to what their concerns were, of which **there were two.**

Mrs. Campbell: Yes.

Hon. Mr. McKeough: I am not prepared to concede, and I doubt very much that the Minister of the Environment is prepared to concede, that in the Ontario public interest the environmental regulations imposed upon that company were too severe.

Mrs. Campbell: No, I would agree.

Hon. Mr. McKeough: Nor am I prepared to concede from the basis of my knowledge at the moment that the Ontario mining tax is too severe.

Mrs. Campbell: And you were apparently quite correct, since they have now admitted that neither one of those factors had anything to do with their decision.

But there were concessions made. And there have been concessions made over the years. I am not debating whether they were properly made, or not properly made. What I am saying is that having entered into that kind of a discussion would it not have seemed legitimate, having regard to the needs of the people of this province, that there be some commitment from them in return for those exemptions? Is that, to you, an unreasonable position?

Hon. Mr. McKeough: Yes, it is.

Mrs. Campbell: It is?

Hon. Mr. McKeough: I don't think when I took the tax off production equipment last year, or when we lowered the tax rate on small business from 12 per cent to nine per cent, or the corporation tax rate, that we should have had it in writing—from whatever there are, 150,000 corporation taxpayers in this province—that when we lowered that tax rate from 12 per cent to nine per cent that there should have been some commitment from them that they were all going to expand or provide more employment, or something. I don't think that is the way the tax system works. And I would not single—

Mr. Cassidy: Not under your government anyway.

Hon. Mr. McKeough: Well, you would.

Mr. Cassidy: It seems to me that when you give that amount of money there should be a quid pro quo.

Hon. Mr. McKeough: Okay. Well, that's interesting. The 150,000 small businessmen in this province, or the 149,000 who are small businessmen in this province—

Mr. Cassidy: Don't suggest that that \$160 million went to small businessmen, because it went to large corporations.

Hon. Mr. McKeough: I am talking about the reduction in the corporation tax rate, from 12 per cent to nine per cent, specifically on small businessmen.

Mr. Cassidy: That's not what you were talking about.

Mrs. Campbell: That's not what I was talking about.

Mr. Cassidy: She was talking about concessions to large corporations.

Mrs. Campbell: Particularly in the resource industries, which are critical in my view.

Mr. Cassidy: That's right. And you are completely uncritical about giving that money away.

Hon. Mr. McKeough: I am not going to draw a distinction.

Mr. Cassidy: We are all alike, elephants and mice, is that right?

Hon. Mr. McKeough: I guess I have to say this, that when we raise taxes, or lower taxes, we do not do a survey to find out from the taxpayers whether they are going to spend it or not. I mean, think about the stupidity, really, of what you are suggesting. Just think about the stupidity of what you are saying.

Mr. Cassidy: What I am suggesting is that when you make a concession which is worth millions of dollars to specific firms, there should be commitments in return.

Hon. Mr. McKeough: We didn't make it to specific firms, and the member knows well that we did not make it to specific firms. We made it to the Ontario mining industry, which includes big firms and little firms.

Mr. Cassidy: But which includes about 15 or 20 companies that account for almost all of that mining tax concession.

Hon. Mr. McKeough: No. The member would go out and ask, in blood, what their proposals are. But the world simply doesn't work that way, other than under the planned socialist or nationalized economy which he would dearly like to have. If you want to drive mining out of this province, just keep right on talking about nationalization.

Mr. Cassidy: If you want to drive jobs out

of this province you keep on doing the things you are doing.

Mr. Chairman: Order.

Hon. Mr. McKeough: If you want to talk about the biggest single factor of the ill-health of the mining industry today in Canada, other than the lack of world markets, or the strength of world markets, then I think any sane, sensible person would have to say that what has done the most damage has been the nationalization of the potash mines in Saskatchewan, added to, this week, by the announcement of the Quebec government.

If you want to do something about confidence, you go out and talk to your friend, Mr. Blakeney, or go down to talk to your friend, Mr. Levesque, and say: Undo those nationalizations if you can. Those two things have done more to hurt the Ontario and Canadian mining industry than any other single thing we'll ever talk about here tonight.

Mr. Cassidy: Mr. Chairman, I would just like—

Mr. Chairman: Order. The member for Ottawa Centre—

Mr. Cassidy: And the Canadian dollar.

Hon. Mr. McKeough: And the Canadian dollar. Right.

Mr. Chairman: —can pursue this in a moment, but Mrs. Campbell has the floor.

Mrs. Campbell: Mr. Chairman, I was trying to get something constructive out of this conversation. I wasn't talking about small business. I was talking about the resource industry, which I think is quite identifiable in this province, and about their needs because I happen to want to see employment in this province.

I was asking whether you would consider sitting down with the rest of them, either in a group of ministries or yourself or whatever is needed, to try to work through what their problems are with, in the back of your mind, the need for employment in this province in those industries, to see what can be done to assist the economy in that area. And, having in mind their problems, receiving from them some commitment.

I am not talking specifically in taxes, I am talking in a broad general basis: What are their problems, what is foreseen, how we can ensure that this crisis situation does not keep recurring.

Hon. Mr. McKeough: I can only repeat, Mrs. Campbell, that that is exactly what we did last April or May with Inco. And there was a meeting with the Canadian or Ontario

Mining Association—with representatives of both, I guess—three weeks ago by the Resources Development secretariat at which the same two concerns were raised: The environment and the level of taxation.

Mr. Peterson: Can we just have a brief supplementary? Did you ask Inco how section 113 of the Mining Act affected them?

Hon. Mr. McKeough: Section 113, to my knowledge, on Inco is a nonentity. They ship a little bit of ore to, what's the name of the place?

Mr. Peterson: No, what I—

Hon. Mr. McKeough: I just don't think it's a large factor. The hon. member for York South (Mr. MacDonald) was here earlier. He seems to have gone, but there have been other members who have spoken from time to time about the inadequacy of Ontario's assistance, or lack of a program of aid, to third world countries.

I am not sure that it is in Ontario's or Canada's best interest, quite frankly, or—let me be a little bit more philosophical than that—that it is my belief as a citizen of the world that we deliberately adopt policies which might close down a refinery in Norway, or a mine in Wales, or would not give the third world an opportunity, with their resources in Indonesia or Guatemala, to get off what is essentially, I suppose, a dole by the developed nations to the underdeveloped nations.

I'd really want to think about the efficacy of Canadian foreign policy which said that we were going to put some sort of a wall around Canada and ignore what goes on in the rest of the world. I would really have some very strong reservations if we're going to go down that path.

Mrs. Campbell: Can I ask you one tiny question? I understand that in most of the processing we're finding here Falconbridge has considerably more exemptions under section 113. What I'm asking you is this: Do you think there would be a chance, and did you in your conversation with Inco inquire, as to whether they would have had an opportunity to fill their future Japanese contracts, given specified exemptions under section 113, had they had those exemptions?

What I'm asking you is: Could they have fulfilled those Japanese contracts with Ontario nickel, and did you investigate that question?

Hon. Mr. McKeough: I haven't. Perhaps Mr. Miller has. I've never heard the question raised, to be honest with you. I don't think that the Japanese are in partnership, essentially, as I understand it.

Mr. Cassidy: There is about 10 per cent Japanese interest, and there's buy-outs by the Indonesian government. It's one of those kinds of a deal.

Mr. Chairman: If I may interrupt the member, we have a vote at 10:15, which is in two minutes, and I'm wondering if Mrs. Campbell could complete.

Mrs. Campbell: I have completed, Mr. Chairman. I have nothing to add.

Mr. Cassidy: I'd just like to say I'm disturbed by what the minister has just said. Over a period of about 30 minutes—between about 8:40 and about 9:05 or 9:10—the minister and I were talking. Other members of my party and I were talking with the minister about any contacts that he may have had with Inco, or any requests or concerns that may have been taken to Inco.

And over that entire period of time the minister simply and quite deliberately stonewalled as far as the New Democratic Party is concerned, to the point where it seems to me that he was misleading this committee. Because now we learn that last April or May there was, in fact, a meeting in which the minister participated in which Inco expressed their concern about pollution controls and about mining taxes—and in which

the cabinet encouraged Inco to carry on with their market development in Guatemala and Indonesia and with their involvement in the deepsea mining of nickel nodules.

I'd like to ask the minister—we'll have to come back to this—whether at that time there was any effort made to try and encourage Inco to diversify some of its manufacturing operations within this country, based on the nickel in the Sudbury basin.

Whether there was any kind of suggestion about the responsible way that they could proceed in using and exploiting this publicly-owned resource. But the minister, it seems to me, Mr. Chairman—

Hon. Mr. McKeough: There was no such discussion.

Mr. Cassidy: Were any such requests made to the company?

Hon. Mr. McKeough: No. Not at that meeting.

Mr. Chairman: With respect, to the member for Ottawa Centre, I think we're going to have to adjourn. It was indicated that we should be upstairs by 10:15, so we'll adjourn to reconvene tomorrow at 10 o'clock.

Mr. Cassidy: Okay.

The committee adjourned at 10:13 p.m.

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No. G-6

Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Treasury, Economics and
Intergovernmental Affairs



First Session, 31st Parliament

Wednesday, October 26, 1977

Morning Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

WEDNESDAY, OCTOBER 26, 1977

The committee met at 10:05 a.m.

ESTIMATES, MINISTRY OF TREASURY, ECONOMICS AND INTERGOVERNMENTAL AFFAIRS (continued)

Mr. Chairman: We'll commence with Mr. Cassidy, Ottawa Centre.

Hon. Mr. McKeough: Mr. Chairman, could we clean up one small item on the first vote? We were questioned as to salary awards which—because of two years in one—showed, in many instances, 16 per cent, I think.

Without going into the whole ministry, we took the management services branch, which indicated an increase of 9.7 per cent on the annual increase in the first year, and 9.9 per cent in the second year; the details of that are set out. Obviously, that particular branch went over the guidelines and, I suppose, it washed out someplace else. There is another sheet setting that out. Then, what we also did was take the senior officers and trace them through for the two years with their increases, which ranged from a high of 14.1 to a low of zero; these averaged out in the first year to 5.3 per cent and in the second year to 7.9 per cent. I simply table those. We have copies for the members.

I may say—and I think this may have been true in other ministries as well, but I don't know, that within the allocation and the guidelines, the ministry split this in many different ways. Some people whose performance deserved more, in the deputy's view and from the view of very senior people, received more; and some people who were either new on the job or had been performing in an adequate way or whose responsibilities didn't, perhaps, reflect that much growth or change, were awarded less; but the average was worked out in the senior list—whatever it was—5.3 in the first year and 7.9 in the second year, and I would assume that we would follow the same kind of pattern this year.

Mr. Chairman: Right. Any of the members who are interested in this information can see it here.

We're on vote 1102, the economic and fiscal matters. Mr. Cassidy, Ottawa Centre.

On vote 1102, finance program:

Mr. Cassidy: I want to return to matters related to Inco because the Treasurer made a rather surprising statement towards the end of last evening's session. It was that he and the Minister of Environment (Mr. Kerr) and others, perhaps, had actually met with Inco in April or May of this year and had a full, frank and free discussion ranging over a couple of hours. I want to resume as well, in very brief form, with what we learned from the Treasurer last night about the involvement of the government with the company. The two don't seem to jibe and I'd like the Treasurer to explain it.

From what I gathered in his statements to me, he said that there had been no strategy about creating more jobs at Inco plants in this country. There had been no effort to contact the company to discuss with them the implications of the softening of world markets in nickel, and that he now had no willingness to take any action in order to ensure that Inco fulfils its responsibilities within this country. Not only that but he wound up by suggesting that he thought that Inco was one of the finest corporate citizens to be found in the province.

Then he told the member for St. George (Mrs. Campbell) about the meeting with Inco in April or May and mentioned the concerns that Inco had raised, both on its behalf and, apparently, on behalf of the industry in relation to pollution controls and mining taxes, although they did not appear to be concerned about mining taxes as far as their own business was concerned. The Treasurer indicated that he, on behalf of the cabinet and on behalf of the government, had smiled benignly and, in fact, had encouraged their ventures in Indonesia and in Guatemala. He also expressed satisfaction that Inco was getting involved in the technology of deep-sea nickel nodule mining.

I gather from what the Treasurer had to say that at that particular meeting no concern was expressed about employment in Canada. I gather that no concern was expressed about the softening of markets and the possible problems that might arise with stockpiling. I gather that no concern was

expressed about diversification of the industry within Canada, despite the fact that Inco has in its subsidiaries in the States and in Great Britain a wider range of manufacturing industry than is to be found in all of north-eastern Ontario.

I wonder if the Treasurer can comment on this rather strange, one-sided kind of conversation where Inco was encouraged and patted on the back and told to get busy and go on with their work in deepsea mining and in Indonesia and in Guatemala when there was, apparently, no effort made to find out if there would be any benefits or returns to Canadians or to Ontario from those particular ventures and no effort made to find out what Inco was planning to do or would be prepared to do in conjunction with Ontario government in diversifying the economy of this province, in particular the northeast.

Hon. Mr. McKeough: I don't think I can add very much to what I had to say last night. There are a great number of inaccuracies in what Mr. Cassidy said I said last night; but the record will speak for itself. I don't think I can really add a great deal to what I said last night.

Mr. Cassidy: Perhaps that's because there isn't a great deal to add, Mr. Chairman. At this meeting with Inco, which you were very coy about, Mr. Treasurer, was there any discussion at that time about diversification within Canada, about employment within Canada, about the possible softening of nickel markets and the effect on Inco's operations within Canada?

Hon. Mr. McKeough: I don't recall those things specifically.

Mr. Cassidy: In other words, this was obviously not at the top of your mind. Am I correct in saying that you did encourage them on and indicate approval of their ventures abroad and the kind of technologies they were developing for the deepsea work?

Hon. Mr. McKeough: No, and I didn't say that last night.

Mr. Cassidy: That's what the Treasurer said, Mr. Chairman. It came through, loud and clear—a very one-sided kind of approach. It was not the satisfaction that they might be getting involved in deepsea mining as part of their overall thrust, including a thrust to build up the economy of this province, but a very uncritical look at what Inco was doing, a failure to recognize that the company has an obligation to this particular province. They are not acting like good corporate citizens and have not been acting like good corporate citizens for a very long time.

I have other matters to raise on this particular vote, Mr. Chairman, but I know that my friend from Sudbury East wants to talk a bit about this matter and some of the matters we raised last night. If that's possible, perhaps he could take over.

Mr. Chairman: Mr. Ashe is on the list at the moment so if the member for Ottawa Centre is completing his remarks now, I'll call on Mr. Ashe and then Mr. Martel.

Mr. Cassidy: Let me just put it to the Treasurer again. Are you prepared to take any action as far as Inco is concerned in order to protect employment in this province or in order to ensure that more employment is developed in this province on the basis of the nickel resource?

Hon. Mr. McKeough: We're really rehashing old ground, and ground that's been rehashed in the House. I recognise that it is now an NDP strategy—according to this morning's paper—that this is going to be raised at every meeting. I don't think we can productively answer the same questions 10 times over.

Mr. Cassidy: I'll just say that it's now a strategy of the Treasurer that he's going to hymn the glories of free enterprise at every possible opportunity and every possible speech he makes.

Hon. Mr. McKeough: That's not anything new on my part.

Mr. Cassidy: No, it isn't.

Mr. Martel: They've sure got one hell of a mess, though, haven't they?

Mr. Cassidy: That's right, yes. The failure of the Treasurer's policies is coming through loud and clear and it isn't just up at Sudbury. It's at Port Colborne; it's at Midland; it's in Peterborough; and it's evident to the 20,000 people who were laid off last year in various industries that were shutting down, and there's a real fear which has been expressed and will continue to be expressed that, thanks to the policies of this government, we've come to a point where the Inco shut-down is critical and it's going to be the first of many more and many far more bruising than the ones we have tended to have in the past which perhaps, were a part of the normal workings of the enterprise system.

[10:15]

Hon. Mr. McKeough: Just let me briefly say that the workings of the enterprise system are best left to the enterprisers. If government had foreseen or if government wanted to stick its nose into everybody's business to the extent that we could see, for example,

the downturn in the chainsaw market, I'm not sure it's government's job, twelve months in advance, if we saw that happening—and I'm not sure we want to employ the staff to see those things happening—to say to them they should diversify to some other line.

We have no control in this province over tariffs. We obviously have no control over world nickel markets and we're not about to go into any company and say to them: "We are heading into trouble on product A. You should diversify into product B." That happens to be part of the system that those decisions are left to the entrepreneurs. They make their mistakes obviously and they make their successes, but we're not going in and telling industries that they should switch from one line to another line.

Mr. Cassidy: But you are so wedded to the foreign-controlled free enterprise system which dominates so much of our industry that when the workers in the community of Peterborough came to this government, looking for assistance on a feasibility study to continue the Pioneer chainsaw line and to take it over from Outboard Marine, there was no reaction and no response from this government. At least to give the federal government credit, they were prepared to participate with the community in that particular study. But you were so damned ideological about that particular situation you were unprepared to see any kind of an alternative to a foreign-controlled multi-national which was closing down 450 jobs in a community with one of the worst unemployment rates in the province.

Hon. Mr. McKeough: That's not correct.

Mr. Cassidy: It sure is, and the people of Peterborough know that it is because they came and they banged on doors in vain down here in Toronto. If the Treasurer can say otherwise, I'd like the facts.

Hon. Mr. McKeough: They did not bang on my door.

Mr. Ashe: I was really going to save this question until towards the end of the 20 hours, but when I look at the various votes and the components and the way things are going, I'm afraid if I don't ask it in vote 2 there may not be another opportunity. As I always like to run within the rules, contrary to many others, I think I should ask it now.

We've been involved in this particular debate on these estimates—I use the word debate because that's apparently what it is—for some 12½ hours. I've been making a few notes as we've been going along. I have a question that is very important, in my mind,

to the financial wizard, the financial leader of this province, the hon. Treasurer.

I've always felt I was rather astute with figures and could add up one and one and usually come up with two and so on. But I would like an explanation from the Treasurer—and I'm summarizing what we've now covered in 12½ hours—how this province through the direction of the Treasurer of Ontario can provide more grants for everybody, more exemptions for the needy, more spending, more dollars for everything and everybody and yet at the same time lower taxes, eliminate deficits and balance the budget. If you can give me in the next hour that kind of an explanation I would appreciate it because I think that's a fair summary of what we've heard in the last 12½ hours.

Mr. Chairman: Is that a rhetorical question, Mr. Ashe?

Mr. Ashe: No, it's a very specific one. I just want to bone up on my arithmetic.

Mr. Epp: Who wrote that question for you?

Mr. Ashe: I did.

Hon. Mr. McKeough: Obviously the answer to the question is that it can't be done. There are some very difficult trade-offs which aren't always agreed to by everyone. For example, decisions were taken last spring in the budget to match and complement the federal initiatives on the corporation tax side, from many peoples' point of view at the same amount of money. Perhaps you would have preferred to build more courthouses or hire more judges or improve and upgrade services to the elderly.

A whole host of things compete for the taxpayer's dollar in this province. What we have tried to do, and what I think most politicians say they try to do, is to take a longer-term look at where our economy is headed as opposed to a shorter-term look, to take those steps which will build for the future and build a productive base on which to levy taxes—not necessarily to raise them but to secure the income to do some of the desirable things which all of us would like to do more of. Unless that base is there and unless it's healthy and unless it's competitive, and that's true in both the personal and the corporate sense, then the money isn't going to be there to do it. So there are a series of tough decisions which have to be made, decisions which, in the ongoing debates in cabinet and I think in the community at large, about the general thrust are generally agreed to.

Where they are not agreed to, of course, is the person who wants to give more grants to municipalities, which might be me, or

somebody who wants to build more court-houses or hire more judges, which is the Attorney General (Mr. McMurtry), or do certain other things. Those differences are large and real but within the cabinet and I think within the province, with the notable exception of the New Democratic Party, there is a general feeling and belief that the total has to be constrained or restrained. There will always be arguments, though, about the makeup—except for the former minister responsible for the liquor boards, who wanted to get rid of inspectors. He was not an empire builder.

Mr. Ashe: That's a rather brief answer and not very definitive, but it's nice to hear that there is a rational reaction to the fact that you can only spend a dollar once. Thank you.

Mr. Chairman: Mr. Martel.

Mr. Martel: I am going to pass and wait until we get to economic development—or the lack of it.

Mr. Chairman: Mr. Makarchuk.

Mr. Makarchuk: Mr. Chairman, I would like to go back to what the minister said when he was first talking to Mr. Cassidy a little while ago about industrial strategy and so on. I will give you an example of the kind of failure that exists both in the province of Ontario and Canada as a comparison to what some other countries are doing, and this is dealing with a firm in Brantford called Abex, which has a plant in Belgium. It also has a plant in Brantford.

Mr. Chairman: I just remind the member that vote 1103 is the place for regional development strategy.

Mr. Makarchuk: Right, well it is not regional development, it's fiscal policy.

The information is coming from the executive of a company, with whom I have talked, which was interested in taking it over and felt it could operate it. Again, they weren't able to raise the capital to do the job, but what they have pointed out is that both plants, the one in Brantford and the one in Belgium, operated in very much the same way; they were at times viable, at times making money and other times they were not making money. It was a borderline operation.

However the Belgian government insists on a lot of restrictions. They have laws on their books which insist, among other things, that before a plant can close down, the workers will get at least six months' pay following the closure.

They also have other restrictions. The company, if it gets certain tax concessions be-

cause of location or because of its operation, if it closes down it has to repay these back; so what happens is the plant in Belgium continues to operate. Abex decided that it will be easier and cheaper for it to continue operating that plant, despite the fact that it was a marginal operation, whereas the one in Brantford is going to be closed, or is closing at this time.

There's an example of where you have some government concern and government involvement in trying to protect the jobs and the economy and the industry in the country, in comparison to what you are doing here in Ontario or the federal government is doing in Ottawa. They preserve jobs in one place and you are not doing anything here.

Hon. Mr. McKeough: What I heard out of that was that our 16-week rule isn't long enough, that it should be six months. I am not prepared to debate that. That's for the Minister of Labour (B. Stephenson).

Mr. Makarchuk: That is just one of the things. There are other factors involved as well.

If the companies receive tax concessions they should pay them back, and they would receive tax concessions to locate, et cetera. We give tax concessions. As in the example pointed out last night by the member from Ottawa, we've given them to Inco. If they decide to close down, then they have to forfeit these things.

Hon. Mr. McKeough: No, we haven't given tax concessions to Inco. We've given tax concessions to Canadian manufacturing generally and to—

Mr. Makarchuk: Yes.

Hon. Mr. McKeough: —the mining industry generally. I don't think you can regard them as concessions to Inco per se.

Mr. Makarchuk: I don't regard them as concessions to Inco. I'm using that as an example.

Mr. Martel: There's never any responsibility for that type of concession made by the government.

Hon. Mr. McKeough: There are conditions attached to NODC and ODC, but there are not conditions attached to the tax laws of the country or province.

Mr. Cassidy: I want to turn the question to trade and tariffs, which come under this area of economic policy. In the budget, the Treasurer said that Ontario was concerned that the federal government was proceeding on the basis of no known strategy and called for adjustment programs. Some of that was repeated in the speech which he gave to the

finance ministers' conference a week and a half ago, in which the Treasurer very clearly called for a policy of freer trade.

It's a consistent kind of thing. I have to grant to the Treasurer that he is consistent about his errors. He has expressed repeatedly the belief that by moving to a few world-scale industries we can rescue the Ontario economy. What happens if those world-scale industries are not capable of maintaining employment above the minimal level, the Treasurer has not said.

I'd like to know from the Treasurer whether he is now satisfied that there is a strategy at the federal government level. And can he say what strategy Ontario has taken to the feds in terms of those industries that it wishes to expose to more tariff competition—to lower tariffs in other words—and those industries where Ontario has expressed the view that the tariff should remain at the present levels?

Hon. Mr. McKeough: I think there is an emerging federal strategy, certainly not fleshed out yet, and I don't suppose they are entirely ready, nor perhaps should they be, to display the whole thing as yet. Some of the elements of that strategy I would suggest were mentioned in that speech. The willingness for rationalization as opposed to the plunging ahead with a competition Act, which in my view discourages rationalization, would be one element.

There is the former statement that we will be negotiating for a phasing of tariff reductions, rather than for a sudden tariff reduction, saying loudly and clearly that there will be an adjustment period and that during that adjustment period there may well be fiscal policies by way of loans to encourage the adjustment. In my view, both of those things should have finite ends to them so that they don't go on forever.

There will be a time to become competitive. There has to be an end to subsidizing or the country goes on subsidizing non-competitiveness for too long a period of time—which we can't afford.

Those are some of the elements of the strategy. I think the commitment by government to create atmosphere, particularly in the area of government taking a smaller, or no larger, piece of the pie, is terribly important—not only to those industries which are fully competitive but also to those which may have a competitive problem.

I think the actions when they sink in, or the lack of action on the part of the central bank and on the part of the federal minister

in moving into the exchange markets—that gives a tremendous competitive advantage if it's taken advantage of, and if it is realized that that is government policy.

[10:30]

I think there are many, many elements of this and I think they have to be brought together in one place. But too often we have seen—although in fairness, I see improvement—for example competition policy which has been around for a long time. This effectively is going in one direction and the realities of the GATT negotiations are pointing in another direction.

But I would say that I am somewhat encouraged by what we're seeing. The other point, in fairness to Ottawa, is that I think it is only now starting to sink in to a great number of Canadian industries that GATT is serious business and that they will in fact have to adjust. They will have to adjust, I think, not as much as industries totally, but within product lines. Some of their product lines will be capable of longer runs of export. Others won't. And they're going to have to make those decisions themselves.

But there has been, to some extent, a lack of awareness—for very good reasons—on the part of the business community with some notable exceptions, the CMA being one—that something was inevitably about to happen. That awareness just hasn't been there and therefore I think there has not been a sufficient response on the part of industry and therefore a sufficient input into the process is what will be needed.

Following the speech last week I received a three-or four-page letter from an industry blasting hell out of me and telling me all the reasons why tariffs shouldn't come down, and pointing out very succinctly that I was wrong. Perhaps I am, but the interesting thing about that letter was that there is still not a realization in that particular industry, in my view, that there will be some tariff reductions. And they offered not one positive suggestion in their letter as to what government might do to facilitate the process.

Again, I don't think there's a great enough recognition of that fact on the part of some that governments federally and in this province, at any rate, have moved a long way towards putting our manufacturing industries in a more competitive position. Mr. Turner responded to DISC very effectively.

We feel that our tax rates in this province are competitive with our competition, namely New York, Pennsylvania, Ohio, Michigan. We stand ready to be corrected about that and if we have to become more competitive then I think there is a willingness on the

part of this government and probably the government at Ottawa to ensure that competitive position in terms of tax policy. It changes, of course, continually, although I would have to say that when you get down to the state or local level in the United States I doubt that we can compete with some of the things that have gone on—Volkswagen, I suppose, being the case in point where there are low-interest loans and grants, and no property taxes for 10 years. I just don't think we're going to be in that kind of ball game which is going to make it an increasingly tougher world in which to compete.

But I said in the budget in the spring and have said since that there is a large onus on the part of the manufacturing industry to face this problem fairly and squarely and recognize that it's probably going to happen. Unfortunately, it undoubtedly hurts Ontario as much as any province. But the move on the part of the agricultural community across the country for greater tariff access, the avowed purposes of the four western provinces are certainly to see lower tariffs in terms of raw material entering the United States and world markets. If those things are going to be accommodated then I would think inevitably some of the tradeoff will be on the manufacturing side and in my view some of those things are going to be happening.

It's never as serious as the history has been and it perhaps hasn't been as serious as when it was originally anticipated that adjustments could be made. In the Kennedy round I think the effective cut, when it was all over, was about 38 per cent. Is that the figure? And it was originally timetabled over a five-year period. It was going well enough so that I think it happened over a two- or three-year period.

Most people are of the view that this round of cuts will not be as deep as the Kennedy round. I think that's a fair statement—Mr. Tully back there is shaking his head. We still don't know how really serious the Americans are, and how large the protectionist element in the United States is. Presumably in the next 12 months we're going to find that out.

The Community of course, and Japan, both have vowed to keep agricultural commodities out to protect their agricultural base and to be large importers of raw materials from Canada or Indonesia or wherever, and not to provide the kind of access for manufactured goods which is certainly Canada's aim. I don't think any of us want to

go on being simply raw material suppliers to the world.

Mr. Martel: Jim Gillies does. He thinks we should continue along that line.

Hon. Mr. McKeough: My own view is that in the short run—perhaps 10 years as opposed to 20—we may have to moderate some of our views on the export of raw materials. I'm not sure of that yet. I think the other point that has to be made though, and which has not sunk in to the manufacturing community yet is that the recent devaluation of the Canadian dollar for most manufacturing industries is probably a greater advantage to them than what may happen at GATT.

Mr. Cassidy: Can you say in what industries you're advocating that there be sharp tariff cuts by Canada?

Hon. Mr. McKeough: No.

Mr. Cassidy: Have you made any recommendations to the federal government on that?

Hon. Mr. McKeough: Not yet.

Mr. Cassidy: Does the government intend to?

Hon. Mr. McKeough: Through the Minister of Industry and Tourism (Mr. Bennett), yes.

Mr. Cassidy: As the chief planner for the province and as the minister responsible—

Hon. Mr. McKeough: I don't know if we ever—I'm not completely clear on the process. The talk is on an exclusion list. My guess is that there is no such thing as a list which says at the top that we think an industry or a product line is going nowhere and therefore forget it, and at the bottom of the list, or in the middle of the list are things which can stand on their own two feet and at the other end of the list are things which have to be protected at all costs. I don't think there's a list developed per se that way.

What there has to be is the greatest and freest and frankest discussion between industry and the federal government, out of which they, the negotiators at the federal level, will get a feeling as to what will work and what won't work. They could be aided and advised by us as to what will work or not work. Whether that develops into a formal list, in the process, I'm not sure. I have my doubts. And if there is to be such a list I doubt that it will be made public.

Mr. Cassidy: Has Ontario any list of industries where it hopes to open up new opportunities in terms of exports?

Hon. Mr. McKeough: We think there is obviously a much greater area for improvement in total volume, large as it is already, in the automotive area, either in parts or assembly. That is an area in which we have done well and in which, in terms of balance of trade, we have to do better. I would think that is an area we would be strong on. In terms of the resource area, we would obviously be high on the pulp and paper industry—

Mr. Cassidy: These are export opportunities you are looking for?

Hon. Mr. McKeough: These are greater export opportunities; certainly not a reduction in export opportunities. My own view—I am not sure that it is shared entirely by the industry; and this has changed somewhat—is that inasmuch as we have a highly efficient steel industry, in the long run there may be an area there for exports. I think we are now manufacturing about 85 or 90 per cent of the steel we use. We import mostly specialty steels, and our imports have roughly equalled our exports; it's about in balance.

In terms of the efficiency of the steel industry, there may well be room for growth there in export fields. My hunch is that the industry people themselves are of the view that they will do very well to hold their own. Forgetting about tariffs, they are looking at world-wide overcapacity in steel, and at dumping in that area—dumping in spades, I think—by many government-owned enterprises. Eighty per cent of the world's steel industry today is owned by governments, who are more interested in earning exchange dollars than they are in making a profit or having a viable operation.

I don't want to be specific about other areas, but obviously there are places where Canada has made a real name. There are some elements of the electronics industry, for instance; I think particularly of Northern Telecom, which has become multi-national and is a world leader in technology. That's an area which I think should be further exploited.

Not to be lost sight of—and this is not really part of the tariff negotiations at all but again is part of a national development strategy, if there is to be one—would be the world leadership which we have and are developing in the whole area of financial services: the chartered banks obviously and our life insurance companies, which are large foreign exchange earners, as are our banks, in terms of bringing income back to Canada. I don't think we should lose sight of that industry. I also think we have a role in computer technology. How large it is, I don't know.

Those are some of the areas. Obviously I picked the winners, which doesn't mean there aren't, in my view, other winners which I haven't mentioned—and the others aren't losers just because I have excluded them.

Mr. Cassidy: Let me come back to one industry which the minister mentioned, the area of automobiles, and auto parts. As he knows, we now have a \$2.5-billion deficit in our auto parts trade with the United States. The recent Arthurs report (see correction, page 1155-2), an authoritative study, which was prepared for the federal Department of Industry, Trade and Commerce, concluded that in automobiles generally our productivity levels and unit costs were comparable with those in the United States and in automobile parts we had an advantage in labour costs. This was before devaluation of the dollar, the slipping down of the dollar, and that more than compensated for a certain amount of increase in other costs because of heavier weather and those kinds of things that we have in Canada.

[10:45]

Yet we have that enormous deficit. I want the minister to say what in the Tokyo round can Canada hope to achieve for that and what is Ontario's view as far as the export blockages that are represented in that particular industry are concerned, because that deficit is almost entirely accounted for, not by a failure of parts manufacturers, the independents, to get into the American market, but by the imbalance in parts production and consumption by the Big Four. What does he intend to do about export blockages generally from companies that fail to take up those opportunities?

Hon. Mr. McKeough: The first thing to do was to recognize the problem. I think it is fair to say in the budget of nearly two years ago we were the first government in Canada to recognize and officially state there was a problem. That was attacked most vigorously in the first instance by the Windsor Star, which should have known better, to some extent by the federal government, and most particularly by the UAW.

I think if we accomplished anything in the first year after that budget paper, it was—

Mr. Cassidy: It was an unfair attack on the UAW because they have been making very vigorous representations for the last year and a half and for long before that.

Hon. Mr. McKeough: For the last year they have. They didn't before that. That's not true. Mr. McDermott sat in my office three years ago and said there wasn't a problem. It wasn't recognized that we were heading into a problem and the kind of balance of

payments deficit we now have in the auto pact.

When the discussions originally started, but by the imbalance in parts production When we finally convinced them that there was, it wasn't the right time to negotiate changes in the pact with the US. It's never been my view that we needed really to negotiate changes, or that there should be changes in the pact per se.

We did accomplish that in the first year. I think it is fair to say that the Arthurs report would never have come into being, nor would it have been made public when it finally did come into being, other than at the urging of the Ontario government. The federal government was not prepared to accept our budget paper as being a real definition of the problem. Eventually it went to Arthurs, with whom we co-operated fully, and we would respect his report. I think we have really accomplished a great deal. First of all, identifying the problem is always important. If people don't want to see the problem, then it becomes very difficult to do anything about it. The resolution of the problem is 99.9 per cent in Ottawa's court. They are doing exactly what we recommended to them they should do.

This has moved away from tariffs just a bit, and I'll come back to tariffs. Ottawa is doing exactly what we recommended it should do, which was to call in the Big Four automobile manufacturers and ask them what their intentions were and what they proposed to do about the deficit in the automotive pact. For too long they sheltered themselves from the problem because there was a surplus, and a very substantial surplus, on vehicle production. I have said both to the parts people and the motor vehicle people that in terms of the pact it doesn't matter—obviously it would; this sounds callous—if the parts business went out of business tomorrow, provided we had 10 more motor vehicle assembly plants which would bring the pact into balance or, conversely, if automobile assembly goes down in this country and we had a doubling or tripling of parts production. The mix is something which certainly we have an interest in, but the final result or the important result is the bottom line of the deficit presently. How that mix is made up I don't think is of as much concern as that the bottom line be changed.

Under Mr. Chretien. Ottawa started a series of meetings with the Big Three, asking them their intentions and what they proposed to do about it. I am not aware what the results of those meetings are. I don't think they have concluded. I have indicated to Mr.

Chretien that I hope he would continue to keep an eye on them, and with respect to tariff policy also.

There was a real reluctance to look at the duty remission and tariff policies of the Department of Finance in conjunction with the auto pact, which was in the Ministry of Industry, Trade and Commerce. I think there is now a greater realization that the two things can be looked at together, and in fact, I believe, are being looked at together, and I would hope there would be a collaboration between Messrs. Chretien and Horner to keep these talks rolling. We will certainly be more than interested in the results of them and will be keeping the pressure on. But what we recommended should happen is in fact happening now.

I said 99.9 per cent of it is in Ottawa's court. Let me just deal with tariffs for a moment. What the Arthurs report also pointed out is that the very real threat to the Canadian automotive industry—"threat" is too strong a word—the problem faced by the Canadian automotive industry and also by the American industry, be it parts or motor vehicle manufacturing, was competition from the third world, which is becoming increasingly a factor in terms of low-cost competition from Brazil and a bit from Taiwan. We all know the car-radio story, but there is a problem with just small parts. The plastics industry is a case in point. That is a subject for tariff policy and hopefully that is how you tie that into, at least how I tie it into, the Geneva talks. I said 99.9 per cent and that's an exaggeration.

Mr. Cassidy: I'm glad it's an exaggeration because you're wrong, I think.

Hon. Mr. McKeough: Where we have a responsibility comes back to the tax climate again. We have discussed this and the Minister of Industry and Tourism (Mr. Bennett) can give you details, more or less, but there is no question that in the automotive area, the competition in New York state—in Pennsylvania I mentioned Volkswagen—and also in Michigan and Ohio is very, very rough indeed.

There have been figures given us which indicate how much higher building costs are. There still is a seven per cent tax in this province on building construction materials which there isn't in several of the border states. Our wage rates are roughly the same, now somewhat improved because of devaluation. Fringe benefits in the States are generally more expensive than they are here.

Mr. Cassidy: That's right.

Hon. Mr. McKeough: Payroll taxes are higher in the States.

Mr. Cassidy: That's right.

Hon. Mr. McKeough: Municipal taxes are much less.

We have no program, nor do we propose one, of literally giving away land or lending money. There was \$40 million lent to Volkswagen at 1.3 per cent by either Pennsylvania or by the host municipality. When you look at the figures and then take into account, in many instances, the economics of transportation, the freight rate problems, the competition is very rough. Certainly in some of those areas, the seven per cent tax on production machinery, for example—and that's an expanded exemption from what we even have now—perhaps even moving into the area of building materials for industrial plants, we may well have to consider those things before we're through.

But if we aim to keep a viable automotive industry in Canada, and it is one of the premier industries in Ontario with one in six jobs, then in my view we can't sit back and suggest it is competitive and that everything will fall into place, because for a whole variety of reasons it is not as competitive as I would like to see it.

Mr. Cassidy: I'm glad the minister began to back away from saying that the problem is 99 per cent Ottawa's. Something like 90 per cent of the industry is located here in Ontario. It seems to me that if we simply washed our hands of that particular industry, we would be being irresponsible as far as this province is concerned.

I think the minister is also wrong to say it doesn't really matter to Ontario whether the production is entirely in assembly, on the one hand, or whether it's entirely in auto parts and there's no assembly, on the other.

Hon. Mr. McKeough: I have some very strong views on that, actually. At least, on the other hand, I think that in terms of the pact and in terms of Ottawa's responsibilities, its first responsibility and the responsibility of the Big Three and others is to bring the pact into balance. Although I would have some views as to how that might be desirably achieved, the objective has to be to bring it into balance more than anything else.

Mr. Cassidy: But in addition to getting a fair share, it seems to me that part of our industrial strategy should be the encouragement of economic industrial activity in this province. If it is all in assembly, we don't learn a lot from that kind of production and we don't get the creation of indigenous companies which in time can grow up and move

over into other kinds of production, which is a normal kind of industrial growth phenomenon that we tend not to get if everything is done in-house or we are only engaged in assembly.

Hon. Mr. McKeough: That's correct.

Mr. Cassidy: I'm glad you say that, Mr. Minister, because then you agree with me that it is wrong to believe that we are as well off if everything is in assembly—

Hon. Mr. McKeough: No, I did not say that.

Mr. Cassidy: I thought you came very close to that.

Hon. Mr. McKeough: I did not say that.

Mr. Cassidy: We welcome the fact that Ontario did put forward the budget paper on the auto pact a year ago. As the minister says, Ottawa has been spurred into action. It is interesting that the Congress has been preparing a paper on the automobile pact for 12 years, ever since that agreement came into force, and that neither this government nor the federal government saw fit to monitor the thing publicly up until the past year or so.

I would like to ask the Treasurer whether the government of Ontario is continuing to monitor the auto pact and, in view of the fact that so little was said publicly about this concern over the year between 1976 and the latest budget, and so little said in the budget itself about the automobile pact, apart from one speech just after the budget, what contact has the Treasurer had with the industry? What kind of influence has he been trying to exert with them? What kind of things has he been saying to them?

Hon. Mr. McKeough: I would guess there isn't a week goes by that Mr. Bennett has not been meeting with either Ottawa or the parts people or the Big Three. Perhaps that's an exaggeration, but for the last year or year and a half, I think, he and his people have devoted a tremendous amount of time to the problems in the automobile industry.

Mr. Cassidy: Can you report any indication that there are moves now afoot to put that production into better balance?

Hon. Mr. McKeough: All I can tell you is what I have just said. I am aware that there are conversations going on in Ottawa between the Big Three and the federal government.

Mr. Cassidy: I want to return now to the speech you made in Ottawa to the finance ministers' conference. You said that there could be a benefit of about \$2 billion to Canadians if we moved to freer trade. I would like to know the study on which that

figure was based; do you have a study like that?

Hon. Mr. McKeough: It wouldn't be fair to describe it as a study per se. It is obviously based on a number of assumptions and what happened after the Kennedy round in terms of tariff reductions. But it is our estimate, and it is a very rough estimate, of what would happen to consumer prices.

Mr. Cassidy: Wait a minute. The speech says \$100 million directly to consumers and less than one-half of one per cent of the consumer price index; it then says that the indirect impact could be as high as \$2 billion annually. The press, of course, picked up on that. Frankly I think it was being misleading to throw that figure into the debate, because that's a very suspect kind of figure. If we get one world-scale industry going down the pipe for various reasons beyond our control, we could find ourselves in the opposite position to the tune of \$2 billion, \$3 billion or \$4 billion annually.

Hon. Mr. McKeough: Remember that's a Canadian figure and, of course, we are concerned with—and I think it's stated there—the effect it could have on various sectors. Obviously if Ottawa took the lid off natural gas exports, tomorrow, just to use that example, there would be a very stimulative effect to the Canadian economy. If the trade-off on that were to reduce the tariff on steel, then there could be an effect on Ontario in particular since that's where most of the steel industry is. The net effect on Canada might be beneficial in terms of dollars; whether it would be in terms of the regions of the country, or employment within the regions of the country, is of course what we are trying to move ahead to examine.

Mr. Cassidy: The Treasurer has already said that there is pressure by the western provinces, as we know, to open up markets for their resources; the trade-off is obviously greater access for manufactured goods into Canada, which affects industry here in Ontario. Can he estimate, or have his officials estimated in these studies which have been done, what would be the impact on Ontario of the tariff cuts?

Hon. Mr. McKeough: The answer is no at the moment. Blair Tully and David Redgrave are here and perhaps can give you more details.

[11:00]

Mr. Tully: We have been looking at the potential gains and losses on an industry basis in terms of an across-the-board kind of cut in tariffs. At this point in time, of course, we

can't do much more than that. We don't know where any potential exemptions are going to come and which industries in Ontario are going to be affected most.

You have to make a number of assumptions about how industries individually are going to adjust to any tariff cuts. Obviously there is going to be considerable rationalization, not only within an industry but within firms; that is, the least competitive product lines will be cut and the most competitive ones, those they are most efficient at, will be expanded.

The \$2-billion cost-saving potential to consumers is based on certain assumptions about how producers will react and how much of the potential tariff cuts will be taken up in the form of reduced prices by domestic producers; that is, how much the tariff cuts will encourage them to become more efficient and more productive in those lines of products which they choose to specialize in and assuming that other lines are being sacrificed.

Mr. Cassidy: This is all guesstimating, though, and really not much better than that. Is that right?

Mr. Tully: It's basically all guesstimating, because until the event occurs we obviously don't know how individual firms are going to react to international competition. We don't know how industries are going to react. We don't even know at this point in time how tariff cuts are going to affect individual industries, because we don't know where the exemptions are going to be.

Mr. Cassidy: Just to return to the Treasurer, I have to say that the figures which you prepared, or your staff prepared with you in relation to these benefits, which relate to about one per cent of GNP as high as \$2 billion and one-half of one per cent on consumer prices or about one-sixteenth of the current rate of increase of the CPI. They would suggest, in fact—and I don't want to go down this route—that the people who say Canada should give nothing at all away in the Tokyo round are on the right track, because we are into uncertain economic times and if the benefits that are going to come from these trade talks are as small as that, then we would be better to keep what we have got rather than go down that route and take some of the risks that are entailed.

It's a matter of reality that there are going to be tariff cuts and that we have to be involved.

Hon. Mr. McKeough: What do you think we're going to do realistically? Are we going to say "close down"? If we took that attitude,

the Americans would continue to freeze us out on manufactured goods and eventually would say, "Go sell your wheat to God knows where." We are large exporters of wheat, of grains.

Mr. Cassidy: Yes.

Hon. Mr. McKeough: About 80 per cent of our pulp and paper production goes into the United States. If we're going to continue to make those kinds of exports, then I think we have to look for some reduction, probably on manufactured goods, in some areas coming into this country.

Mr. Cassidy: I understand this and I accept it as a fact of life that we have large exports, mainly in the primary and semi-processed sectors and that if we want those to continue we've got to get involved in these tariff talks and can't simply stand back. What this suggests is that the gains to the Ontario and the Canadian economy of an industrial strategy, which is also based on strengthening our access to our own market and is based on getting many firms which now won't export for reasons that are unrelated to competitiveness to export, are a hell of a lot greater than the gains from trying to get tariff barriers against our goods lowered.

I was talking with somebody in the boiler industry the other day. His firm exports to the US and around the world. It's American-controlled. His two major competitors, also American controlled, don't send a nickel's worth of goods anywhere outside of Canada. They merely fill the Canadian market. That is because of a policy laid down from head office in the States or it's because there's absolutely no encouragement, no resources and no technology.

Hon. Mr. McKeough: I think there needs to be a—

Mr. Cassidy: That is an area we have to look into very seriously when you consider that 60 per cent of the major companies in this province are foreign-controlled and many of them do not export. They don't export, not for reasons of competitiveness, but because they don't do research and innovation in this country. They are just selling product lines developed from abroad to the home market. They're kind of a colonial implant in the Canadian economy.

You won't come to grips with that. You simply stand aside and say "That's too bad. That's the entrepreneurial system".

Mr. Peterson: Can I ask a question on the record right now because I think it's meaningful to the discussion, by way of supplementary, to Mr. Cassidy's thing?

Mr. Cassidy: Go ahead.

Mr. Chairman: We have to maintain our list in order. I can put the hon. member on the list if he would prefer to handle it in that way. If the hon. member for Ottawa Centre would continue, I'll put Mr. Peterson on the list. He can refer to the letter later.

Mr. Peterson: Mr. Chairman, just on the point of order, it was a supplementary to that question. I think it was meaningful in terms of this discussion right now, although I would defer to your judgement obviously.

Mr. Handleman: Mr. Chairman, I think on this point of order, we all have something to contribute on this point and I think we should be speaking in order.

Mr. Chairman: Yes, we'll maintain the order and Mr. Cassidy may continue and Mr. Peterson can put the letter on the record later.

Mr. Cassidy: I'd like to pursue this. I'm watching the clock as we want to go to regional development this afternoon to talk about the implications of the Inco shut-downs. I'd like to go on to two or three other subjects which relate both to industrial strategy and also to the question of employment.

Without going into specific industries in detail, I have to say that in general that business about the penetration of our market by exports, about the failure to develop the home market in many cases and the restraints on exporting by a number of firms in this country is a very serious kind of matter. It's part of what we would deem to be necessary in an industrial strategy. But the Treasurer, because of his hands-off attitude, is apparently very reluctant to get into any of these particular areas. Perhaps he'd care to comment.

Hon. Mr. McKeough: If you're talking about exports and imports, you're talking mainly about a Canadian problem with Canadian solutions rather than an Ontario problem with Ontario solutions. We have assisted in terms of ODC export loans but the biggest part of that ball park is with Ottawa.

I was encouraged—we had discussions about this six months ago that in Mr. Chretien's statement the other night, although it was not very precise, he indicated that he was going to do something about facilitating the putting together of consortia to go into world markets which were becoming increasingly necessary. I don't think it's just a question of who owns certain Canadian manufacturing companies. Very few of the ones I talked to have a policy—dictated by

head office—of not getting into export markets. Some of them may have financial limitations—which, I suppose, is the owner's privilege—as to whether they're going to expand in A, B or serve market C from A or B. That has something to do with control. It's amazing the number of American-owned firms, in particular, that are as interested as anybody else in the export business. In fact, in some instances, even more so because their horizons are, perhaps, a little wider.

Mr. Cassidy: With the exception of the home market of the United States, which they are barred from getting into and which is our biggest export market.

Hon. Mr. McKeough: Oh, no, that's nonsense. Some of them, are, certainly, but to generalize in that way is ridiculous.

I was encouraged, as I say, by what Mr. Chretien had to say in facilitating consortia. We ran into a case six months ago where a bid was being made—as I recall, on an order of a couple of hundred million dollars—by a number of American-owned Canadian companies. A piece of the action in any case was not that large but none of them were really in a position to take the total risk. That happened to be a bid-bond and a performance bond. Whether they were American-owned or Canadian-owned, for the \$5 million or \$10 million part of the action which they were going to supply, they weren't going to go at risk to the tune of \$150 million or \$200 million or whatever the figures were.

I gather from what Mr. Chretien has said that he is going to try to facilitate that kind of bidding by consortia of small, not so small and, perhaps, large Canadian companies who, if they're going to get into those kinds of markets, will require somebody to put up the head bond—I guess that's the correct term—and who, in fact, is going to assume the total responsibility. Large as some of our companies are—American- or Canadian-owned—many of them are unable to do it.

Where we've had some success in this area—although the benefits are smaller—has been in the construction area. Again, we give Ottawa credit. They have facilitated a number of our Canadian construction companies in the Middle East and Far East particularly and, to some extent, in South America. I guess they indemnify them in some way against losses but there has been a real export of Canadian technology with, I assume, benefits flowing back to Canada in the whole construction technology area. I think that's probably been one of our pluses. We've always been a nation of builders, of

good contractors, and Ottawa has done quite a bit to facilitate that.

Sometimes it's a little difficult to see the benefits that flow back to Ontario or Canada but they're there. There have been benefits and, in that area, Ottawa has—I don't know what the name of that program is—but they have facilitated Canadian investment, or Canadian building in the Middle East particularly—airport construction, hotel construction and a whole host of things.

Mr. Cassidy: Mr. Chairman, I want to pursue this but I'm watching the time.

Hon. Mr. McKeough: Yes, that's true.

Mr. Cassidy: I want to turn over to the question of employment. Mr. Treasurer, you expressed surprise at the speech by Grant Reuber the other day, despite the fact that it had been very clearly documented for you.

Hon. Mr. McKeough: Yes. When we were phoned, they were talking about some new report. We didn't know it was the report which the council brought out last spring.

[11:15]

Mr. Cassidy: Okay. What I want to ask is this: Is the commitment of the charter for Ontario about 100,000 jobs a year for the next 10 years? Is that the goal of this government?

Hon. Mr. McKeough: Yes.

Mr. Cassidy: I want to quote some figures from the long-term outlook for labour-force growth in Canada and Ontario which was produced in June 1976 by the policy planning branch of Treasury. It indicates that a labour force from 1976 to 1988 will grow from 3,931,000 to 5,056,000 or an increase of approximately 1,130,000 people. It also indicates, if you take the figure of 100,000 jobs a year, that the unemployment rate in Ontario would be 7.5 per cent for 1977 which is just about what it is going to wind up the year at. It is 8.1 per cent in 1978, 8.6 per cent in 1979, 9 per cent in 1980, 9.1 per cent in the next two years, back to 9 per cent in 1983, 8.8 per cent in 1984, 8.5 per cent in 1985 and we had it down to 8 per cent in 1986, assuming it had 135,000 jobs to wind up that 10-year period.

That was based on relatively conservative assumptions, both low fertility and a net migration of 50,000 people per year. The Ontario Economic Council had, in fact, assumed a net migration of 75,000 people per year and the Treasurer's figures are probably more realistic.

I want to ask the Treasurer, am I correct in thinking that this government's goal for

employment is to have unemployment rates in the order of 8 to 9 per cent over the next 10 years?

Hon. Mr. McKeough: No.

Mr. Cassidy: Then can you explain why it is that you have adopted a target of 100,000 jobs a year, which is going to keep unemployment at that high level?

Hon. Mr. McKeough: No, I do not agree with those projections; and neither do a number of other people. In terms of entrance to the labour force, many people think that in the early 1980s we are going to be heading into a very tight labour market. But there is no question that I would agree with the short-run thesis of Dr. Reuber and I have said so. With the number of entrants to the labour force plus variables that have shown up ever since the spring, the situation is obviously in the short run, because the spring figures are somewhat more pessimistic than Reuber forecast.

Mr. Cassidy: I just want to put those figures on the record, Mr. Chairman, because they are based on the Treasury's own estimates.

Are you saying the estimates that were prepared for your own ministry were incorrect? They indicate that there will be about 367,000 people unemployed by 1986 compared with less than 300,000 today.

Mr. Tully: I think, Mr. Cassidy, you are aware of the projections of the labour force that were prepared by the Ontario Economic Council which are somewhat lower than those that were prepared two years ago by TEIGA. They project labour force growth for Ontario of 939,000; those projections were available this spring. They assume lower immigration and lower rates of population increase in Ontario and those are assumptions which we would concur with now, based on the past two years' experience. I think major adjustments have been made and when you are making a 10-year forecast, you continue to make those adjustments on the basis of experience. We would generally concur with the labour force growth projections of the Ontario Economic Council at this time.

Mr. Cassidy: Are you then saying, I will put this again to the Treasurer, because he is the fellow who is on the spot—

Mr. Tully: I am suggesting that that would reduce unemployment on your basis to something like 4.3 per cent.

Mr. Cassidy: No, it would not, as a matter of fact. It would reduce it to just less than seven per cent. The point about that, though, is that both the Economic Council and your own forecasts indicate a high rate of un-

employment. The Economic Council forecasts a very high rate of unemployment going up to about 1982 or 1983 before it begins to ease off.

Mr. Tully: If you'll check—

Mr. Cassidy: If you apply the government's hope about creating another 100,000 jobs a year to the figures that have been put by the Economic Council, then it begins to look a bit better. But the Economic Council said very clearly, if things go on as they are going to go now, there will be high unemployment. This minister and this government have not given any indication of the strategy they intend to carry on in order to ensure that the unemployment rate gets down to a reasonable level.

Hon. Mr. McKeough: We have, but you don't agree with it.

Mr. Cassidy: Are you now preparing to redefine the tolerable level of unemployment upwards again from the figure you had in the spring?

Hon. Mr. McKeough: No.

Mr. Cassidy: Are you prepared to recant on the kind of figure that you were putting up then, which certainly contrasted very significantly with the compassion and concern you showed.

Hon. Mr. McKeough: I didn't cant or recant. It was a study which was really over two years as to what full employment meant in terms of rates of unemployment. I have enough confidence in the methodology of my staff that I felt probably they were right in the spring and that range has been confirmed by a whole host of other people since. The Bank of Canada, Brookings, the Council of Economic Advisers in the States are all using figures of five, and some of them higher than 5.3. We have yet to see a definitive study which says it should be three or four. We look forward to seeing one.

Mr. Cassidy: Three or four had in fact been the Economic Council of Canada's figure back in 1965.

Hon. Mr. McKeough: Not now.

Mr. Cassidy: A number of people have said that for various practices they are simply going to shrug their shoulders and say they can't do any better. What that means is that you're going to have unemployment rates among certain groups, young workers in particular, of 17 or 20 or 25 per cent. There are groups in parts of the province where people can't get apprenticeships and can't get any entry to career-type of jobs. That is continuing under this particular Treasurer.

The study that you put so much reliance

on said—and this is one of the things that really got me angry—that one of the reasons for the change in the tolerable unemployment rate in the economy is that there was an influx of groups with traditionally higher rates of unemployment. They cited young people and women. The fact is that the unemployment rate for women has traditionally been lower than for men, except in the last year or two when women got bumped out because they are at a disadvantage within the labour force because of job discrimination. Your facts were wrong on that.

Hon. Mr. McKeough: They weren't wrong.

Mr. Cassidy: Do you want me to read the figures into the record?

Hon. Mr. McKeough: I don't think the facts were wrong. It would be interesting to hear you table or refer to a report, any report you want to name in the last year or so—

Mr. Peterson: Name one.

Hon. Mr. McKeough: —which would define full employment as a rate of unemployment at something less than five per cent. The Carter strategy now is based on use of capacity by 1981 with a projected unemployment rate of 4.75 per cent. That's Carter's figure. In the nearer term, according to Schultz, the chairman of the Council of Economic Advisers, an unemployment rate in the range of five to 5.5 per cent might trigger inflationary wage pressures as workers begin to feel more secure about their jobs in the economy.

All of us would say if there's one person who is looking for work and genuinely can't find it, then we have a problem. But, as a definition of what full employment is, the definition has obviously changed. I'm not sure that there is today but there has been in the last few years a much bigger float of people moving about who are reflected in short—

Mr. Cassidy: They're moving about because they are looking for jobs because they're not available.

Hon. Mr. McKeough: Just look. I'm a little bit older than you are. When I left university I think everybody I knew who graduated in June started to work on the first working day of July. If you look at the young people leaving university today—and I don't criticize this, I admire them—the number of them who are taking at least the summer off and going to Europe or perhaps taking a year off and doing nothing is enormous, compared to what it was 20 years ago or even 10 years ago.

Mr. Cassidy: You're playing games with that figure because those people—

Hon. Mr. McKeough: I'm not playing games—

Mr. Cassidy: —are not covered in the unemployment statistics. They are specifically

excluded. If you included those people who were travelling because they can't find work, you would find the unemployment rate in Ontario right now would be of the order of 10 to 12 per cent, and nationally in the order of 13 to 14 per cent.

There's an enormous number of people who have become discouraged from looking for jobs and who are therefore out of the labour force and who are not counted as unemployed. That's the hidden unemployment which Ed Broadbent has talked about.

Hon. Mr. McKeough: Who's he?

Mr. Cassidy: He happens to be my federal leader.

Hon. Mr. McKeough: Oh, is he?

Mr. Cassidy: Yes. A good deal brighter than your federal leader too.

Let me just quote, for authority, John White, 1973: "Let me repeat the message of my predecessor"—who was that?—"who stated that any unemployment figure in excess of three per cent is unacceptable to this government."

Hon. Mr. McKeough: All of us are willing to change. The purpose of the two papers—

Mr. Cassidy: —is to rationalize your failure to keep the economy at a decent level in this province.

Hon. Mr. McKeough: That's sheer and utter nonsense. The first paper certainly was independent research which says that in 1977 the definition which I may have agreed to in 1971 or John White confirmed in 1973 is no longer applicable. No one is going to swear up and down that one figure is 100 per cent right. For a whole variety of reasons, the definition which was formerly used is not applicable today. A whole host of eminent people are saying that today and have said it. You can ignore them if you want. Obviously you want to.

Mr. Cassidy: Let's talk about some of them then.

The Bank of Canada, for example, is pre-occupied completely with the question of inflation in the annual report and therefore was prepared to tolerate almost any level of unemployment in its quest to combat inflation. It seems to me that that's rather a biased kind of authority to use.

The federal government, for financial reasons, has got a target level at which supplementary unemployment benefits are triggered. That's not an acceptable level of unemployment. That's just a mechanical kind of thing at which point supplementary benefits are triggered.

Not only that, but the figure that you use for Canada nationally and for that matter,

for the United States nationally does not apply to Ontario. This has traditionally been a province where the level of unemployment is about two-thirds that of the national average in Canada. Yet you were saying that if 5.3 per cent is full employment for Ontario, then you're saying that seven to 7.5 per cent should be full employment for Canada as a whole.

Hon. Mr. McKeough: Let's put some of these figures on the record. In 1975, the Economic Council of Canada revised its full employment norm to 4.5 per cent from three per cent.

Mr. Cassidy: Which means that Ontario's should be then about 3.5 per cent, since Ontario traditionally does better than the rest of the country.

Hon. Mr. McKeough: The Howe Institute in April said the best estimate for a national figure consistent with acceptable policies relating to inflation and taking into account the nature of the work force, would be 5.5 to six per cent—

Mr. Cassidy: Which means that Ontario should be around four per cent.

Hon. Mr. McKeough: The Federal Department of Finance said a modestly optimistic target for the early 1980s would be an average unemployment rate of six per cent.

Mr. Cassidy: Which means Ontario should be under 4.5 per cent.

Hon. Mr. McKeough: You're going to regret this, so I'd shut up for a couple of minutes, because you're going to get it right at the end of this.

The Brookings Institution placed the high employment region between five and six per cent unemployment, with a norm for a man between 25 years of age and 54 at three per cent. Schultz, I've already mentioned. Carter defines full employment now at 4.75 per cent. Herbert Stein said he thought full employment was probably seven per cent unemployment. A very interesting one, which is that great liberal legislation, the Humphrey-Hawkins bill, set out as a goal three per cent unemployment for persons 20 years and older within four years of enactment.

In Ontario, in August 1977, and that didn't change in September, unemployment among those 25 years and over was 4.6 per cent. If you look at the figures, you'll find where the unemployment is: regrettably, it is between those under 25. It's still not among heads of families, it's still not in those over 25. Some of them are very valid reasons; some of them are reasons which would not

have been thought valid by my generation when I was a student or by my parents but are very valid today.

[11:30]

I am not, for one minute, suggesting there are people out there who can't find gainful employment. The fact is though that the float is much higher than it has ever been. People take longer to look for employment. They do have money in savings accounts or bank accounts or in their parents' accounts. They are not as anxious to start work the day after they graduate, and I salute that. I think that is good. But when you put all this together statistically it essentially says there is going to be a higher rate of unemployment statistically at the average, at the norm, than there previously was.

The world changes even if socialist myths don't.

Mr. Cassidy: Mr. Chairman, the people who are voluntarily unemployed or choose to drop out after working for a while—and there are some—are not counted in the unemployment statistics. That is a fact. The unemployment statistics are quite rigid. They say, "Are you now unemployed and have you been looking for work over the last week or two?"

Hon. Mr. McKeough: That was also true when we talked about three per cent as well. That situation has not changed, as far as I am aware.

Mr. Cassidy: But the 300,000 people who are now unemployed, including 2,800 miners who are going to become unemployed in Sudbury, are people who are looking for work now, who need work. The bulk of them are heads of families; many of them who are classed by this minister as being in the secondary labour force are also heads of families. That situation is one which the government is simply not prepared to accept.

I don't go along with some of those authorities because those authorities are those—

Hon. Mr. McKeough: I would be interested in finding one that you do go along with. That is my point.

Mr. Cassidy: I am suggesting that as a social democrat we are concerned—

Hon. Mr. McKeough: Other than Ed Broadbent, who do you go along with?

Mr. Peterson: Karl Marx.

Mr. Epp: Name one.

Mr. Cassidy: I indicated to you that even if you take those authorities and apply them to Ontario, because we should be doing better—

Hon. Mr. McKeough: Just find us one. We went through that last night.

Mr. Peterson: Very eloquently too.

Mr. Cassidy: —we should be doing better than the rest of the country, and that would mean that if you accepted all of those authorities we would be looking for a rate of unemployment well under somewhere around four per cent or less. It seems to me therefore that the targets that we put are realistic and that the ones that you have are simply a confession and an admission of failure, Mr. Treasurer.

I have some other points to raise but the time is running out. I would like to move to regional development this afternoon, so I will pass on further questions.

Oh, two final questions—have you any studies of productivity being carried out in your ministry, and if so, will you publish them or have they been published?

Hon. Mr. McKeough: I don't think so. We rely on others for studies on productivity.

Mr. Peterson: Name one.

Hon. Mr. McKeough: I think the answer to the question is no, that we really do rely on others for studies on productivity. We have done specific ones and may in the future. The auto pact was one. We took a stab at that in that paper but—and we may be, in a rough way, not in a publishable way, let me put it that way—in terms of some of the quick looks that we are taking or in depth looks or part of the looks that we are taking in terms of the Act—

Mr. Peterson: Do you have any articulated goals or targets in that productivity area?

Hon. Mr. McKeough: Targets or goals? I guess the simple answer probably is no, except that one has great problems in defining or getting agreement on—and that's probably the large problem in that area—what constitutes productivity. There are a number of measurements, units per hour and a whole host of things, but I think we are some distance away from agreement on what measures of productivity are best.

It was only as recently as two or three years ago that productivity—and I'm not an economist—used to be thought of and defined, and still is by a great number of people, as simply a reflection of how many bricks were laid per hour by a bricklayer earning \$5 an hour.

Mr. Peterson: That's not right.

Hon. Mr. McKeough: It is obviously not right, but I venture to say that 90 per cent of the people out there think that is a definition of productivity. Up until recently,

organized labour instinctively has shied away from discussions on productivity because of the feeling that people were simply suggesting that workers weren't laying enough bricks per hour.

Very gradually, I think, there has been a greater realization that productivity is a net result of investment in varying degrees—investment in equipment and technology, perhaps stemming from research; of labour and of the level of training of that labour force; and of management skills. It could be my guess that certain motivational things—as esoteric as quality of life, I suppose—probably would enter into it somewhere along the line.

On the investment side another factor would be what motivates people who invest more money or who take their money out and retire to a condominium in Florida. There will be a host of things—

Mr. Peterson: He's speaking of his leader at that point.

Hon. Mr. McKeough: I know of no definition of what is productivity or what goes into making up productivity. So I don't think we have defined any goals. As a rough goal our productivity, plus or minus the value of the Canadian dollar, has to be equal to our American neighbours' in particular or we are in trouble. That is part of our problem, because there is a productivity difference of 20 per cent. We have no goal to reduce that by one per cent a year; we haven't spelled it out that way. It varies enormously from industry to industry.

Mr. Cassidy: Since the minister makes speeches about productivity and is fond of knocking labour in Canada, and since he doesn't make any studies himself and has no goals, I would just point out that the Minister of Labour has recently had a look at this and has suggested in her findings that productivity increases in Canadian manufacturing have consistently outpaced those of the United States to the degree of about 10 percentage points over the last six years, from 1969 to 1975.

Hon. Mr. McKeough: She would also say we were still behind.

Mr. Cassidy: She says we are still behind by about 13 per cent in 1975 but, because Ontario is so much better than Canada as a whole, it means that we in this province are level-pegging with the United States in terms of our productivity levels.

Hon. Mr. McKeough: In some industries that's true.

Mr. Cassidy: That's obviously an average. The Minister of Labour also found that the increases—

Hon. Mr. McKeough: I think that's very true, and it is a point well made. Take the automotive industry for example: There is no agreement in that area, but on a plant-to-plant basis in the automotive industry, in many areas we benefit from the fact that some of our plant, particularly on the motor vehicle assembly side, is much newer and better plant than exists in the United States. In that particular industry we have a degree of productivity equality which would not exist in certain other industries.

I think the pulp and paper industry would make the claim that their productivity, despite higher wage rates, is as good. Certainly the steel industry is better. We looked at some figures on the steel industry and, my God, it had the steel industry and the prime metals industry in the fourth bracket, which was productivity away below. These were Statistics Canada figures, I think. Productivity in that area is pulled down enormously, for example, by the Quebec steel industry and the Nova Scotia steel industry.

Mr. Cassidy: The Minister of Labour (B. Stephenson) also found—that is provincial—that unit labour cost increases have been about the same in Canada and the US over the past seven years. Therefore, it seems to me, as far as the labour productivity and labour cost side are concerned, a number of the things that have been said by the ministry are misleading. One of the things that this government has not done is looked at management productivity and the productivity of capital, although the minister has on occasion animadverted to the fact that our capital productivity is very low in this province. It seems to me that that is an area which needs intense examination because we lag by as much as 40 or 50 per cent in the productivity of our capital as compared with comparable industries in the United States.

Hon. Mr. McKeough: I don't follow that.

Mr. Cassidy: Our use of capital productivity or production per unit of capital is as much as 40 or 50 per cent less than it is in the States. In other words, it takes that much more capital to produce the unit of work up here.

Hon. Mr. McKeough: I don't know that I have seen those figures. The people whom I was talking to earlier this week were talking about building costs, for example, construction costs, just plant costs, being some 40 per cent higher in Canada than they would be in Michigan and Ohio. Some of that's climatic. Some of that has been a very overheated construction business.

Those figures might not be as applicable

today as they were two or three years ago. In that instance, it takes more capital to produce the same end result. Then I guess that's the productivity of capital. If you make the argument that we are overbuilding the building, building it to too high a standard or not getting as much out of it per square foot as they are in the States because we have overbuilt in some way, then I guess that's what you are saying.

Mr. Cassidy: It seems to lean a lot on management. I have one final question which is a different subject again.

Hon. Mr. McKeough: There is a study which Mr. Allan has just given me on the contribution of capital to the postwar growth of industrial countries, done by the Brookings Institution, which obviously I have not read.

Mr. Allan: It's just out.

Mr. Cassidy: I have one final question about fiscal policy. The Camp commission recommended that there be a \$2 check-off which would allow people to contribute to the local party of their choice and get involved in the political process in that way. That was put forward as part of a package with the Election Finances Reform Act which adopted tax concessions for political contributions. The reason the government gave for resisting that \$2 check-off idea was a mechanical one. They didn't see how it could be done. In fact, there is a means for it to be done through the Ontario tax credit form which is enclosed and is filled out by every Ontario taxpayer.

I would like the Treasurer to say whether he is now prepared to consider putting that into the 1978 tax legislation so that that can become a part of that package as was originally intended.

Hon. Mr. McKeough: Not for 1978. We would have to have done it by now for 1978 reporting of 1977 income. No, I assume that change has already gone. We haven't really rejected it or accepted it. There are mechanical problems. I have lost touch a little bit with Ottawa's view, which was not enthusiastic the last time I asked. I have to say that there isn't a great enthusiasm among my colleagues one way or another.

Mr. Cassidy: Is it the mechanical problems which are holding you back?

Hon. Mr. McKeough: Partially. Lack of enthusiasm, I guess, would also be a factor.

Mr. Cassidy: If you have any commitment, which I doubt, to the democratization of the political process in the province, may I urge you to reconsider that matter and to approach it with more enthusiasm, with a view to

bringing in the legislation next year for the 1978 tax year?

Hon. Mr. McKeough: You may urge me. [11:45]

Mr. Cassidy: I just did.

Mr. Handleman: Mr. Chairman, I want to get back to tariff policy. If I had known we were going to digress from it, I might have intervened and asked you to rule that we were on tariff policy.

Unlike the member for Ottawa Centre, I would like to restrict my remarks to a subject matter in which I have some knowledge. I used to have some expertise in the area of tariffs. I may have lost it over the past three and a half years, but I am trying to regain it.

Mr. Cassidy: You can claim a fair command of most of these subjects. You used to read my stuff in those socialist newspapers.

Mr. Handleman: Yes, and criticize.

Hon. Mr. McKeough: It is your authorities that we keep looking for.

Mr. Cassidy: We are looking for yours and you haven't got them either.

Mr. Handleman: Mr. Treasurer, I am not going to say that my econometricians can beat up your econometricians, because facts are facts and figures are figures and they don't always agree.

I want to discuss the auto pact and get back to it because, while I appreciate the initiative you took in your budget paper, the auto pact seems to have become a whipping boy for those people who look at it as a failure. It has been a 12-year success on balance, and I think some of us are disappointed that the federal government has not examined the auto pact as a model for rationalization. Perhaps the provincial government has not urged it to. The word is thrown around. I used to beat my head up against a stone wall in the Department of Finance urging them, saying, "The auto pact is not perfect, but it is a good model to use in further rationalization." Instead of ranting and raving about foreign ownership, I think we should recognize that foreign ownership is what made the auto pact work. Without rationalization of markets, the auto pact obviously would simply fall flat on its face despite all the government intervention in the world.

There are a number of industries in this province and in this country that are basically foreign-owned, basically US-owned. While we may not agree entirely that that has been a good thing in the long run, it seems to me it does offer the possibility of market rationalization because the parent companies, not-

withstanding some of the comments that were made about their restrictions on their Canadian subsidiaries, are profit-oriented. Where there is a potential profit because of market rationalization, I am sure they would agree to press the US government to look at the possible extension of the auto pact made into other industries.

I mention the office supply industry as possibly a good example—office equipment, which is almost entirely foreign-owned, most of it American-owned; IBM, Olivetti, Underwood, Royal, and so on—where rationalization in both production and marketing would make a great deal of sense. We make all the portables, they make all the electrics or whatever, and we share markets as we do in the auto pact.

The confectionery industry, which is under some threat at GATT, is another one where there is very little indigenous Canadian ownership, where market sharing could probably be achieved by some form of rationalization.

I understand and appreciate the need for GATT negotiations to be conducted behind closed doors. I have asked you this question, and I ask you it again: Because of the rivalry that seems to have broken down this road to rationalization between the departments of Finance and Industry, Trade and Commerce in Ottawa, why is it that we have followed the same role of responsibility in saying that tariffs belong to I and T, when, in fact, it is an economic initiative that should be taken, and, I would say, with respect to you, sir, that it should fall in the economics part of that TEIGA operation?

I have gone back to Bob Macaulay's day in criticizing I and T for lack of expertise in the area of tariffs. I don't blame them for it. They just don't have it. I would suggest that perhaps you do, and that negotiations on tariffs should be conducted through TEIGA rather than I and T.

I suggested, too, that perhaps the province of Ontario, which is the basic industrial area, has more at stake than any other province in tariff negotiations. We recognize that that is a federal responsibility. I am surprised that your fellow finance ministers didn't tell you it was none of your constitutional business when you spoke out on tariffs. We obviously have an economic stake, and we must follow certain leads.

I think we should also know what the federal government is doing at GATT, and having been involved myself in the private sector in those negotiations, I can tell you it is horse-trading. I agree with you. I don't think there is a short list or a long list of industries that you are ready to sacrifice. But they do tend to ad hoc it a great deal over there.

I understand the expense problem involved in that because they are long and protracted negotiations, but I would say we should have at least observer status so you could have first-hand knowledge and be able to react quickly when it appears there is an Ontario industry that may be thrown to the wolves in the whole area of tariff negotiations.

I think tariffs in themselves are vastly over-rated in their impact on our economy, because as we've reduced tariffs, we've gradually replaced them with non-tariff barriers. The third world, of course, is the chief sufferer from the non-tariff barrier syndrome in both the United States and Canada. I don't know what you do about third-world competition, but it does seem that as we relax tariffs on a multi-lateral basis, we start imposing non-tariffs, such as quotas and anti-dumping regulations, against those people who would very easily benefit the consumer.

Let's face it. When you can no longer buy a shirt in this country under \$10, I wonder why it is that the consumer has meekly stood by while we have said we will do this in order to protect an industry which has done—and I say this advisedly—very little in terms of meeting that competition, except to go into higher-priced goods, and says, "We'll concentrate on the fashion end of the market and you can do the mass end of the market," when the mass end of the market is what most people want. I really think that, as consumers, we shouldn't be standing by and permitting our industries to be protected in that way.

Hon. Mr. McKeough: Mr. Cassidy puts his head in the sand on this one, because, even in the very tentative steps taken by Mr. Chretien in the textile area six months ago, there was a pretty strong consumer reaction. I would tend to think there is very much a third partner in deliberation leading to GATT and that is the Canadian consumer, who I don't think can be ignored politically, nor should he be, who is becoming more and more active in this area, and who doesn't have the loyalty to Canadian-made goods which we would like to think that perhaps he has.

Mr. Handleman: The consumer, of course, is ambivalent in his approach to tariffs, too, because he's also an employer, an employee, a producer, a farmer, an executive and whatever. I have found that consumer groups which tend to try to focus on these problems first lack resources, they lack cohesiveness, they lack any public backing that, while it may manifest itself in terms of support by writing letters to the editor or backing the Consumers' Association of Canada on a particular thing, ends up deserting them when

it comes to their own particular interest. I think that's only a natural thing.

I think your own comments in Ottawa were somewhat ambivalent because you can't be a complete free trader in this country—

Hon. Mr. McKeough: No, that's dead right.

Mr. Handleman: —and you can't be a complete protectionist. Obviously I think what we're saying is that a lowering of tariff barriers along the line of the Kennedy round, on a gradual and staged basis, would probably be in the best interest of the country in the long run, particularly because it might end up making some of our industries either more competitive, or if they're non-productive and non-competitive, they shouldn't be in business for very long. We have to face up to that kind of thing.

Getting back to my original remark, I just want to ask you what position you have taken on what I describe as rationalization along the auto pact mode in other industries, and whether or not your ministry is prepared to take the lead in that. This is, of course, no reflection on I and T. I just think it belongs in the economics area.

Hon. Mr. McKeough: Yes. I don't know—did we say this in Ottawa or did I write a letter about it the other day or something?—that we would be encouraging, and perhaps we should be more encouraging, and perhaps we should be doing more in terms of looking at the possibilities of other auto pacts? I don't know that they necessarily have to be wrapped up and a blue or red ribbon put around them and have to be called pacts.

There's a small Ontario industry which has been going downhill for a whole variety of reasons, where the owner of one of the largest firms in the area has a plant in the United States and has a plant in Canada not far from here. He thinks his future is to rationalize the production and make one line there and one line here and get a longer production run. His costs are higher here, but he is a Canadian. It's a Canadian-owned company. In effect, what he wanted from Ottawa was a duty remission scheme, or really a miniature of an auto pact for what he was proposing to do. The instinctive reaction of Ottawa was, "There is no way; this will upset the Americans." Nobody had ever asked the Americans.

Mr. Handleman: That's right.

Hon. Mr. McKeough: I think we've had a little bit of success in a quiet way in convincing Ottawa to take a better look at this and avoid the very real possibility of the whole damn thing moving to the United

States—the Americans picking up their marbles and leaving. In other words, half a loaf is better than no loaf. In fact, half a loaf could bring about some real growth in employment.

It was a small industry and a case in point. Without dressing that up into a pact, we have been trying to encourage Ottawa, and I think we should be doing more of it. Where industry comes forward with some sensible rationalizations, this would make sense.

Domestically, we have been supportive and you were supportive and the Minister of Industry and Tourism (Mr. Bennett) was supportive, very supportive, of the rationalization in the appliance industry. God knows how that's going to turn out, because the competition is coming on strong. It's going to be a very interesting occurrence even if it doesn't work. I would hope that it would, obviously. If it hadn't happened, it would have gone down the drain for sure. I think that was inevitable. So that was a rationalization which was sensible and which we would be encouraging. Again, I come back to competition policy which, in this country, seems to go out of its way to discourage that sort of thing.

In that letter—I think it was a letter—I did suggest some other areas where that kind of miniature auto pack might work. While avoiding the label of continentalism in this, there is some room for that. Productivity is not just labour productivity—productivity very much depends on the size of the market, the production run. If we can have a North American market in one item and the States have a North American market in nine items, we may well be farther ahead than we would be if we tried to maintain 10 items inefficiently because they would all go down the drain.

Mr. Handleman: I think you have to run the risk of being labelled a continentalist in this type of thing, because that's our natural mass market, and you just have to take advantage of it.

Hon. Mr. McKeough: That's right, and will be. I think the third option as described by Mr. Trudeau was—well, nothing wrong with it. But realistically, our largest and best and, as far as I can see, head trading partner, particularly in the manufacturing area, is going to be the United States. I sometimes think we lose sight of that.

Mr. Handleman: I think we tend to forget that Mr. Diefenbaker tried to create a diversion of trade and it was an abysmal failure. You just can't do it. That's the natural trading line.

Before I leave, Mr. Chairman, I just wanted to say that I hope Hansard will correct the record where both the member for Ottawa Centre and the Treasurer misnamed a former colleague of mine and an authority. His name is Doug Arthur, without an "s." Doug will be on the phone to me if I don't correct that in Hansard.

Hon. Mr. McKeough: What's that?

Mr. Handleman: Doug Arthur, without an "s."

Hon. Mr. McKeough: Oh, all right.

An hon. member: Correct his reports.

Mr. Chairman: Thanks very much, Mr. Handleman. Mr. Peterson is next, but it's two minutes to 12 and we have a couple of matters with which we have to deal. I think the first one—we can deal with this one now—is whether or not we'll sit next Monday night. As the committee knows, the minister cannot be available next Monday night, so I think we have to make a determination as to whether we sit next Monday night to consider the estimates of Government Services, or whether we simply don't sit at all. I think that's a decision that the committee has to make and we might as well make it in the next minute or so.

Mr. Peterson: Am I right in saying we will finish up with the Treasurer on Tuesday night and that'll be the 20 hours? Is that right?

Mr. Chairman: Yes. We have approximately half an hour. We lost 15 minutes last night and we have about 13 or 14 minutes in addition to that we have to pick up. So we're talking about roughly half an hour that we have to pick up between now and then, but I think perhaps we can do that. Perhaps we can do that this afternoon.

Mr. Cassidy: Could I make a suggestion, Mr. Chairman, that perhaps we agree to meet until 4:30 rather than till 4, and pick up the half an hour at that time?

Mr. Chairman: Yes. Does the committee concur with that? We could do that and clean that up this afternoon.

[12:00]

Mr. Ashe: No, it's about half an hour.

Mr. Chairman: No, 15 minutes last night and we were about 13 or 14 minutes on the other days that we lost during that time.

Mr. Ashe: The other 10 minutes just disappeared along the line. I appreciate it did show before an odd number of minutes.

Mr. Chairman: Yes, we had to skip yesterday, so we had an odd number of minutes there, I believe. I think, to be fair, there were 13 or 14 minutes.

Mr. Cassidy: Can I just bring a matter to your attention? I know that the clerk won't allow this to happen again, but today's meetings were not listed in the order paper and there was some confusion about that.

Clerk of the Committee: Usually it says "as required" when we start estimates.

Mr. Cassidy: In today's or yesterday's?

Clerk of the Committee: Today's estimates.

Mr. Cassidy: In today's order paper.

Mr. Chairman: Yes, it's in today's. All right. We have agreed to sit until roughly

4:30 to even out the time today. What about next Monday night?

Mr. Cassidy: I would like to check with the critic in Government Services for our party to see whether that would be acceptable, because this had not been anticipated. On the other hand, it's only a shift of one day, because they should have been ready to go on Tuesday night. Perhaps we can resolve that this afternoon. Is that okay?

Mr. Chairman: That is okay.

The committee recessed at 12:02 p.m.

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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Treasury, Economics and
Intergovernmental Affairs



First Session, 31st Parliament

Wednesday, October 26, 1977
Afternoon Sitting

Speaker: Honourable John E. Stokes
Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

WEDNESDAY, OCTOBER 26, 1977

The committee resumed at 1:03 p.m.

ESTIMATES, MINISTRY OF TREASURY, ECONOMICS AND INTERGOVERNMENTAL AFFAIRS

(continued)

On vote 1102, finance program; item 2, fiscal policy:

Mr. Peterson: I'll try to be reasonably brief so the minister can discuss regional planning. I can only guess at the purpose. I can't figure it out myself, Mr. Chairman, but that's politics.

I'd like a chance to bring up a few points relative to the whole fiscal economic strategy of this Parliament. As the Treasurer is quite well aware, I am profoundly concerned about this whole area of pension plans and the disposition of the funds from those pension plans. I would like to know your view about increasing the contribution rate on various funds; CPP particularly, but also the other funds.

Hon. Mr. McKeough: I don't know that I have a view at the moment.

Mr. Peterson: You certainly have been quoted in the press as saying that you're contemplating increasing the contribution rate. Have you been misquoted?

Hon. Mr. McKeough: If that is what you read in the press, yes. Are you talking about the CPP?

Mr. Peterson: Yes.

Hon. Mr. McKeough: No, I don't think I've made as equivocal a statement as that. I'm sure I haven't.

Mr. Peterson: You've made equivocal statements on it but not unequivocal, is that your point? What statements have you made then?

Hon. Mr. McKeough: I haven't got them here but—

Mr. Peterson: Maybe you could just share your view with us.

Hon. Mr. McKeough: On the Canada Pension Plan? I thought we did on the very first night at some great length, Mr. Chairman, but I'm glad to go over it again.

Mr. Peterson: Yes, I think we should go over it again.

Hon. Mr. McKeough: Until we have the

report of the royal commission, until we've sorted out what's public and what's private or what the proportion should be, I haven't a view, particularly, at this moment, as to what should happen to the CPP.

Mr. Peterson: Do you have any views that you want to share with us on the disposition of those funds? Is it your departmental view to move 100 per cent of those funds over which you have control into the private marketplace?

Hon. Mr. McKeough: Not 100 per cent, no.

Mr. Peterson: What's your target rate by what year?

Hon. Mr. McKeough: I haven't one.

Mr. Peterson: What you're telling me is that it's fruitless to pursue this at this particular time because either you don't know or you're waiting for the report. When will that pension commission report come through?

Hon. Mr. McKeough: They thought it was a two-year job. I think they feel that it's going to speed up somewhat, but I would guess a year anyway; a year and a half, maybe two, from now.

Mr. Peterson: Maybe we'll move off that. Can you share with me your present projections for growth this year?

Hon. Mr. McKeough: For growth?

Mr. Peterson: Yes; for real growth in Ontario.

Hon. Mr. McKeough: I wouldn't disagree with the current forecast by the government of Canada for Canada, of about two per cent. My guess is, and it's only that because we haven't gone through the whole exercise, probably Ontario would be somewhere around three per cent.

Mr. Peterson: When did you move off your 4.7 per cent?

Hon. Mr. McKeough: Sometime this summer, and I suppose specifically after the second quarter results.

Mr. Peterson: The second quarter was 1.3 per cent. What are third quarter results so far? Do you have any idea?

Hon. Mr. McKeough: The third quarter is not over, so no. Of course, there was strength on the consumer side in both August and September. But no, I haven't a view.

Mr. Peterson: What are your economists telling you for the next five years, the projections that you're going to be using?

Hon. Mr. McKeough: They haven't given me a five-year forecast. I think their general feeling would correspond with that of the Conference Board and Mr. Chretien, and we would be looking at five per cent growth in 1978. I think that's probably as far as we've looked at the moment. What that means for Ontario, I don't think we've taken a look at that yet.

Mr. Peterson: How far out do you generally operate?

Hon. Mr. McKeough: In terms of a specific number for real growth? A year at a time.

Mr. Peterson: For example, you have committed yourself to balancing the budget by 1981. That necessarily presumes some kind of revenue projections, some kind of spending projections.

Hon. Mr. McKeough: Yes.

Mr. Peterson: And revenue projections are very much a function of growth in the economy.

Hon. Mr. McKeough: I've forgotten what revenue we used. I don't know whether we put a growth projection as a backup for up until 1981 or not, in terms of the revenue.

The important thing to remember is, of course, that our revenues are not as elastic as before. The elasticity is getting down very low now. So, great oversimplification, if we had low growth in the economy for the next three years, the forecast of revenues at present rates wouldn't change that much. What would change, though, is the economic policy as to whether that made sense or not, and whether we would want to do something about revenues in the meantime. In terms of the revenue growth, it's set out on page 10 of budget paper C.

Mr. Peterson: You tried to lay the majority of the blame for the distortions of the budgetary projections on the federal government; it certainly came out in the press that way, that it was all the federal government's responsibility. Yet your own projections were off something like \$245 million, and that is very much a function of the general state of the economy. I am talking about the various assorted taxes; mining tax, retail sales tax—which is very significantly off, by \$66 million.

I would assume that you are going to have to work on longer projections and I would be very grateful if you would share those with us.

Hon. Mr. McKeough: Yes. We are projecting three years in that table and we are projecting an average of 10 per cent growth, not real growth.

Mr. Peterson: How much real growth?

Hon. Mr. McKeough: Depending on the rate of inflation, we would probably be looking at—I guess for those three years, or so I am told now, that we are looking at forecasts of 4.5 to five per cent average over that three-year period. We are obviously not going to achieve that in the current year. That is over a four-year period, we are not achieving that in the first year.

Mr. Peterson: But in order to make your target of balancing the budget, you are going to have to opt for policies of stimulation of some type within the limit of—

Hon. Mr. McKeough: Not necessarily.

Mr. Peterson: You mean you are just going to let your projection of balancing the budget go? Is that still a firm policy for 1981?

Hon. Mr. McKeough: Yes.

Mr. Peterson: Are you prepared to go for massive stimulation if the revenue projections fall off, if the economy falls off? Is that your—

Hon. Mr. McKeough: Beg your pardon?

Mr. Peterson: Are you prepared to go for massive stimulation if the economy falls off in order to make that projection? What is your priority? Is your priority to balance the budget?

Hon. Mr. McKeough: My priority is sound economy and sound policies as opposed to balancing the budget. It is a secondary one. We certainly think we have the capacity to balance the budget; and to move towards that and to achieve that target is worthwhile in itself, but that is not the be-all and end-all.

Mr. Peterson: What is your definition of a sound policy?

Hon. Mr. McKeough: From my point of view, or from a narrow point of view as Treasurer, to have the kind of a tax plan so that we are doing what we can to keep the economy growing at a rate of four or five per cent and avoiding inflationary pressures.

Mr. Peterson: What inflation rate do you find acceptable and what do you find non-acceptable?

Hon. Mr. McKeough: Certainly the present rates are not acceptable, although I think the general economic thinking seems to be that we are going to be living with five, six and seven per cent for a few years to come.

Mr. Laughren: Do you have some economists telling you that?

Mr. Peterson: And your target is 5.3 per cent on unemployment, is that right?

Hon. Mr. McKeough: No.

Mr. Peterson: What is it?

Hon. Mr. McKeough: We haven't a target unemployment figure.

Mr. Peterson: Where I am having trouble, I guess, is I am trying to be more precise about your definition of a sound economy. Would you help me out with a definition for that?

Hon. Mr. McKeough: An economy that is growing at four or five per cent a year I think is pretty sound.

Mr. Peterson: Do you think that is the only definition, irrespective of rates of inflation?

Hon. Mr. McKeough: That is the only one that I am going to lay out for longer than a year.

Mr. Peterson: So you are saying it is not sound this year.

Hon. Mr. McKeough: No, agreed. We are not reaching the target in Canada either, or I guess, really, in the world; but certainly not in Ontario. In budget paper C there was an assumption of a 4.5 or four per cent inflation rate, which would produce a revenue growth rate, as opposed to the 13.8 per cent which we have had for the last seven years, of about 9.1 per cent. This was also assuming a GPP growth of about 10 per cent. We may be a little on the low side in terms of inflation if we were making that same forecast again.

[1:15]

Mr. Peterson: You were urging the federal government and I gather you still are, to give out something like \$800 million in sales tax assistance for about a six-month period. Yet you understand better than anybody that the federal government probably has very little room to move because of past and present excesses; and you probably have more room to move. If you believe that, why don't you do it yourself?

Hon. Mr. McKeough: I say I can't afford it.

Mr. Peterson: But you say they can afford it.

Hon. Mr. McKeough: They obviously can. They have just spent \$700 million on an income tax reduction.

Mr. Peterson: How would you have done it?

Hon. Mr. McKeough: I would have done it through the retail sales tax, which would have taken effect, presumably last Friday morning, or could have, as opposed to January/February at the earliest.

Mr. Peterson: You think that \$700 million should have been deployed in some way?

Hon. Mr. McKeough: I think it would have gone out faster and provided a faster stimulus

through the retail sales tax route than it will through a personal income tax route.

Mr. Peterson: Do you think it was sound for Mr. Chretien to increase his deficit by another \$700 million in order to provide some limited measure of stimulation?

Hon. Mr. McKeough: I am not entirely sure, and I don't know that we have examined the figures fully enough yet as to how he is financing it. We haven't sorted out all the figures, but it would appear that he is also cutting back on spending somewhere between now and the end of the year; the figure I think he used is \$900 million. If in fact he can find expenditure cuts to finance a tax cut, then he certainly made the right move. I would have doubts, though, if the tax cuts were simply adding to his cash requirements without a cutback. That was the view which, I think with one exception, the finance ministers expressed to him.

Mr. Peterson: I am not aware of any cutbacks that he's made; are you?

Hon. Mr. McKeough: It's buried in the language.

Mr. Peterson: I didn't even see it in the language.

Hon. Mr. McKeough: It is buried in the figures. Yes, Mr. Dick says that's right. There is a line which states their Treasury Board is going to be achieving cuts. I am not sure whether they're all to take place between now and March 31 or whether they're cuts on a full year basis.

Mr. Peterson: In your response to Mr. Chretien's statement, on page 3, you said: "Ontario's proposed a temporary and immediate cut in provincial retail sales tax, as well as the introduction of selective employment credits to boost spending and reduce unemployment." What did you have in mind with that? Are you talking about a job tax credit program?

Hon. Mr. McKeough: OYEP, or some variation of that.

Mr. Peterson: Are you telling me you suggested this to the federal finance minister?

Hon. Mr. McKeough: Yes, that's in the statement we made at the finance ministers' meeting.

Mr. Peterson: Are you talking along the same lines as the Liberal Party has been talking in Ontario?

Hon. Mr. McKeough: No, I was talking along the lines of OYEP, or the particular proposal of the Canadian Federation which made some sense.

I don't know which route he is going to take. He has set aside \$100 million for this

but I don't think he's worked out the details of what he's going to do.

Mr. Peterson: Here's a wonderful opportunity for Ontario to make a supplementary effort, in the short-run, for some kind of job tax credit program for Ontario-based small business especially. Given the gravity of the situation you so change your economic philosophy. In 1975, we were not nearly as bad off—

Hon. Mr. McKeough: You're changing it from this morning to this afternoon; now you want to talk about spending money.

Mr. Peterson: We were not nearly as bad off as we are in 1977.

Hon. Mr. McKeough: No, but if you get a hobby horse this afternoon, you want to ride it.

Mr. Peterson: You opted for this massive stimulation in 1975. Some half a billion dollars, and then on to a record deficit. Why would you not consider some kind of a selective tax credit programme or job creation programme?

Hon. Mr. McKeough: I don't feel that I have the resources and the government of Canada does. If I had the resources, I'm not sure that a job creative programme would be my highest priority. If I had the resources, I suspect a cut of the retail sales tax would probably be my highest priority by way of short-term stimulation. Just to clear that up, Mr. Chretien said in his statement, on page seven: "Despite these pressures"—he's talking about expenditure ceilings under heavy pressure—"we will do whatever is necessary to stay within the ceiling set by my predecessor last March." In analysing the figures we come up with a figure, and I think you've heard this indirectly as well, that they're trying to cut some \$900 million out of their expenditures. Whether that's just in this year or in 1978 or 1979 I'm not sure. It spills into both years, I guess, during the life of the income tax cut.

Mr. Peterson: You cut \$92 million out of your expenditures. Have you isolated that yet?

Hon. Mr. McKeough: Where it came from?

Mr. Peterson: Yes.

Hon. Mr. McKeough: It came from a whole variety of places and it's actually more than that.

Mr. Peterson: Has that been budgeted for now; that's all in place?

Hon. Mr. McKeough: Yes.

Mr. Peterson: Could you just maybe give us a few examples of the major places that's come out of?

Hon. Mr. McKeough: Yes. It's more than that, if I recall the figure. I think it's closer to a couple of hundred million dollars, with a hundred-and-some-odd million dollars in expenditures that weren't planned on, with a net reduction in expenditures of \$92 million. That's pretty well set out in the quarterly statement.

Mr. Peterson: I didn't see it here; maybe you can help me out.

Hon. Mr. McKeough: In the quarterly statement, on the budgetary side, there is some \$51 million of a decrease, and on the non-budget side there is a further \$66 million decrease in lending activity.

Now where do I find the total of \$92 million? If you go down the budgetary expenditures, you'll find where some \$51 million worth of reductions were made. If you look at table 4, a further \$41 million on disbursements; total of \$92 million. Some of these figures—and I can't explain them all—Health in table 3, for example, shows a large reduction, \$156 million. Part of that is a move from Health; and it also affects ComSoc, which shows being up \$80 million; and Correctional Services has a reduction of \$37 million. Part of the sum of those is the move from Health and Correctional Services of the children's services division, or whatever it's called, into ComSoc. So some of those are transfers.

What also confuses the figures a little bit is the contingency fund, which is the amount of money set up for salary awards during the course of a year, and which, as they are flowed, flow back into the ministry. So that distorts things a little bit. At Health there have been—

Mr. Peterson: What's that, just a little mad money on the shelf in case?

Hon. Mr. McKeough: The contingency fund?

Mr. Peterson: Yes.

Hon. Mr. McKeough: No. We didn't used to budget for arbitration awards or salary awards or settlements, we went several years without doing it. I recall, going way back, there was a time when we always knocked something off the revenues to compensate for end-of-year salary changes. In the last two or three years, we have set up an amount which we've called a contingency, and which shows on Management Board's estimates. That's where it's voted on, and as it's spent or as it's awarded, it is distributed among the ministries and agencies.

There's a large drop there, and I think there was an overestimate of what was needed. On some of the other items there have been some savings. I can't speak to all

these things, but when I say savings, for example, there has been a slowdown in the rate of growth of transfers in Health, I think in both doctors and hospitals. The Minister of Health (Mr. Timbrell) can speak much more knowledgeably to that than I can. Some of the work done by the ministry, using, I think, Woods Gordon and Co. a year ago with hospital boards, started to bear some fruit. So, there was some overexpenditure there, not to the amount of \$156 million. Education shows up as \$103 million. I'm not sure what all's in that.

An hon. member: Teachers' superannuation?

Hon. Mr. McKeough: Oh, teachers' superannuation, right. That's the big increase there. In fact I think there's been a small decline in legislative grants. I'm just trying to—

Mr. Peterson: How much do you have to budget for an increase in teacher's superannuation?

Hon. Mr. McKeough: It is \$100 million, in round figures, a year.

Mr. Peterson: That's an additional, recently-revealed liability; is that what you're telling me? You're going to have to, from now on, put up \$100 million a year to cover or to partially fund, teachers' superannuation?

Hon. Mr. McKeough: Principal and interest, yes.

Mr. Peterson: Uncontemplated when the fund was set up?

Hon. Mr. McKeough: No.

Mr. Peterson: This is the result of the three-year review just out?

Hon. Mr. McKeough: Yes.

Mr. Peterson: Then you'll do \$100 million a year for the next two years?

Hon. Mr. McKeough: No, 10 years.

Mr. Peterson: Very possibly when you do your next three-year review, and as you know an annual review should be done annually, you may have to kick in \$200 million a year.

Hon. Mr. McKeough: There have been theories that there have been savings and that it's gone the other way; not recently though.

Mr. Peterson: You and I have argued about that before, but that probably scares me more than anything you do in your whole budgeting process; and a lot of things scare me.

Does it speak, in your judgement, to the efficiency of budgeting, when you announce, I believe in September, because of the shortfall in revenue—this before the Municipal

Liaison Committee—you're going to cut \$92 million out of your spending? As I recall, those are the facts. Does it speak to tight budgeting in the first instance when you can do that unilaterally?

Hon. Mr. McKeough: On a base of \$13.6 billion, yes.

Mr. Peterson: Why couldn't you cut \$200 million?

Hon. Mr. McKeough: We did cut \$200 million.

Mr. Peterson: Why can't you cut \$400 million?

Hon. Mr. McKeough: I don't think it was there to cut.

Mr. Peterson: Why wasn't it there to cut in the first place?

Hon. Mr. McKeough: Things go ahead not as quickly as had been anticipated or decisions are made—

Mr. Peterson: Or you look for things to cut because you're in trouble after the election. You cut a sports complex that previously—

Hon. Mr. McKeough: We found the same thing last year and that was before an election. This has nothing to do with a sports complex. That would be in next year's estimates.

Mr. Martel: With great fanfare, it was announced by the Premier in front of the athletes.

Hon. Mr. McKeough: The other changes in these accounts are relatively small. The assembly is up \$17 million. What's that?

Mr. Allan: The election.

Hon. Mr. McKeough: Oh, an election, right. Not contemplated.

Mr. Peterson: Who called that again?

Hon. Mr. McKeough: The disbursements are simply less noticeable activities. It is \$200-and-some-odd million up, being made up of \$150 million, I think, of spending not anticipated. Nothing very significant there—a little bit in the Community and Social Services area, I think, the two superannuation funds, and the election. That would be about it on the spending side. We've absorbed that plus an additional \$92 million.

Mr. Peterson: Maybe I'll change the subject a bit. I just want to talk about capital spending for a moment. As you know, we're running behind the national averages on a per capita basis or whatever average. Is this a worry to you, as Treasurer, about the lack of spending in plant and capital in this province? Do you think that governments, particularly your government, through gov-

bling up these funds over the years, has been a major offender?

[1:30]

Hon. Mr. McKeough: No. Certainly it worries me; it worries me in the country as a whole. But for the country as a whole, the figures are very much distorted by what is going on in Alberta—and will be for a number of years to come.

Mr. Peterson: You do not think that—

Hon. Mr. McKeough: The level of capital investment is not satisfactory, no. I would not suggest that for a minute. But other than in Alberta, it is probably as good as the rest of the country.

Mr. Peterson: Do you agree with the conclusion of the Science Council report, just published, that our whole plant is running down, getting creaky and rusty and growing over with cobwebs and that that is a very serious component of the productivity problem? Do you agree with that thesis?

Hon. Mr. McKeough: You put it a little bit too strongly, but mostly yes.

Mr. Peterson: Obviously, at the current rate, every year is going to get worse, because there is nothing going in right now. Do you agree with that? What are your thoughts?

Hon. Mr. McKeough: I don't think it is going to get worse, no. Obviously two or three things are making it not higher today: first of all, the lack of confidence; secondly, a surplus of capacity, albeit much of that capacity is old and probably is capacity that should be not be used—

Mr. Peterson: Unproductive; that's right.

Hon. Mr. McKeough: Until there is some pressure on that capacity, I do not think you are going to see a great surge in capital spending. More particularly, I do not think you are going to see a surge in capital spending until there is some greater indication of confidence.

I think some people would add a third factor, that the tax climate is not conducive. I would be of the opinion that the private sector has not awakened to the fact that perhaps the tax climate in relation to the business sector has improved markedly in the last two or three years and it is unreasonable to think that it is going to improve very much more in proportion to other things.

Mr. Peterson: Do you consider this completely a federal responsibility or do you have any responsibility in this area? Do you have any measures?

Hon. Mr. McKeough: We reduced taxes

on investment by about \$280 million last spring. I have no plans to do anything more at the moment.

Mr. Peterson: Any measurable effects from that?

Hon. Mr. McKeough: Not yet, no.

Mr. Cassidy: There never are.

Mr. Peterson: When do you expect that will be forthcoming?

Hon. Mr. McKeough: When there is a return of confidence and sustained consumer spending. If you are asking if I am going to go out and cut taxes again, I would be saying no.

I think you have some idea that governments can push a button and magic results come out. The world does not work that way, and least of all the economy doesn't work that way.

Mr. Peterson: No, I do not have that idea at all. But I do have this idea—

Hon. Mr. McKeough: You are sure giving that impression.

Mr. Peterson: Your own figures, the figures you gave me at one time, showed that of the total capital market in this country of \$19 billion, something like \$13 billion being consumed by governments on current consumption—and you will not agree with my statement; you will say it is going into nice Robarts libraries, lovely hospitals that are totally overbuilt anyway—

Hon. Mr. McKeough: Let me answer the question—

Mr. Peterson: Let me finish—

Hon. Mr. McKeough: No, I do not think there is a shortage of capital at this moment. Right now, in October 1977, I would be hard pressed to say there is a shortage of capital. If you look back over the last 10 or 15 years, which is obviously the context in which I would have put those remarks, and unless we do something for the next five or 10 years ahead, I think there will be a shortage of capital in the next five or 10 years if governments do not start taking less.

Looking back, I think, there has been probably some inhibition on investment in the last 10 or 15 years, because governments have taken as much capital as they have. But at this moment right now, to answer the question as to whether a policy change is needed, my answer would be no. The system is pretty—

Mr. Peterson: It is my thesis that three very unfortunate things happened almost concurrently. First is the introduction of this easy money and source of financing for provincial governments through these various

pension funds that you have created and made available for current consumption—these billions of dollars you have spent, damn near every penny of it. Second, it coincided with these massive deficits that you and your government have started to run since 1971 and, concomitantly, inflation—double-digit inflation. All of those trends happened concomitantly and they are interdependent and they're very highly related.

My second point is that we are going to suffer very substantially in the next number of years for those major mistakes made in the past seven or eight years—at all levels of government, I say in fairness. But I think you've been as serious an offender as anybody. All sorts of studies looking at the capital investment in this country say that had that money gone into productive capital, things would have been substantially different today. There would be less unemployment, more real income, higher productivity—everything.

One of the things we're facing—at least in some of the things you and your staff people are saying; fortunately you're addressing your minds to it—is one of the very serious phenomena this country is going to face in the next 10 years and that is a shortage of capital. You've been consuming capital at a disproportionate rate for energy and transportation, all of these things that we're going to need to stay even. It is a very strong view of mine that in spite of everything you say, you have been one of the principal offenders in this country—the second biggest. Do you have a response?

Hon. Mr. McKeough: Well, that's exactly what you said the other night. Just exactly.

Mr. Peterson: No, it isn't, there are a few wrinkles on that.

Hon. Mr. McKeough: No, not one. You want me to give you the same answer I gave you the other night?

Mr. Peterson: I thought maybe you'd learned something in the last three days.

Hon. Mr. McKeough: There are many in this room who would say we haven't spent enough on social capital in the last 10 or 15 years. I don't think the fact that we've spent something in excess of a billion dollars a year of Canada Pension Plan money, or whatever, in building hospitals, schools, universities and sewer systems has been misplaced in this province. You apparently do, and I'd be terribly interested to hear where you think we've overbuilt.

Mr. Peterson: Do you want me to show you a few hospitals where I think you've overbuilt, specifically?

Hon. Mr. McKeough: You might take a look at the mortality tables, too, which are

a lot better in this country than they are in the United States, and which leads one to wonder whether perhaps the money spent on hospitals has been all that wrong. Was the money spent in Sudbury wrong?

Mr. Peterson: On those empty beds, you think it was very well spent?

Hon. Mr. McKeough: We have not always spent all of our money wisely or well.

Mr. Peterson: You spent \$42 million on a hospital in London, Ontario.

Hon. Mr. McKeough: Sure, there's a margin of error but you're talking about billions. What you're saying is that we shouldn't have borrowed a penny for the last 10 or 15 years. What I'm saying is, sure, there's a hospital bed that might not have been built, but there are a couple of hundred that should have been built that were built.

Mr. Peterson: I'm saying you should have subjected yourself to the market discipline if you're going to borrow money.

Hon. Mr. McKeough: Oh, nonsense.

Mr. Peterson: You should have paid a fair return for it.

Hon. Mr. McKeough: Nonsense.

Mr. Peterson: Because you've had this easy money, you've spent like a drunken entrepreneur.

Mr. Cassidy: When he's up against you he talks like a socialist, right? When he's up against us, he talks like a capitalist.

Hon. Mr. McKeough: I just want to show you how right we are. Great party of the middle, the Tory party. Locked in mortal combat between the Karl Marxes of the left, as epitomized by Michael Cassidy, and the reactionary Adam Smiths of the 18th—17th—16th century. Even to call the member for London Centre Adam Smith is a compliment.

Mr. Cassidy: The minister may be helping my campaign and his.

Mr. Peterson: You know, the nicest thing that ever happened to the Treasurer was the Liberals coming along and teaching him how to run this province.

Mr. Cassidy: Like Stuart Smith last Friday, eh?

Mr. Peterson: Yes.

Hon. Mr. McKeough: Like cash requirements of \$8½ billion in Ottawa—Your great example to follow.

Mr. Peterson: Well, you'll learn.

Can we talk about housing for just a minute? What are your current commitments for housing and how do they relate to the Bramalea charter? Maybe you can just bring us up to date?

Hon. Mr. McKeough: You'll have to ask the Minister of Housing (Mr. Rhodes) as to where we stand on housing.

Mr. Peterson: Can I just quote you?

Hon. Mr. McKeough: There's no money for housing in my estimates.

Mr. Peterson: Can I just quote you? You were asked in the Financial Post, "What about the 900,000 housing units the government promised in the election?" You said, "I think that's ambitious. We don't need that many." Is that your view?

Hon. Mr. McKeough: I think that may turn out to be true.

Mr. Peterson: Did you have any input into this charter?

Hon. Mr. McKeough: Yes, certainly.

Mr. Peterson: Did you give them the housing figures?

Hon. Mr. McKeough: No.

Mr. Peterson: What figures did you give them?

Hon. Mr. McKeough: What figures did I give them?

Mr. Peterson: A hundred thousand jobs?

Hon. Mr. McKeough: We all had an input.

Mr. Peterson: Something you're pretty proud of, I guess, in that respect.

Hon. Mr. McKeough: If you want to discuss housing, you do that in the Minister of Housing's estimates.

Mr. Peterson: Tragic, tragic.

On industrial strategy I want to read a letter into the record because I think it's significant particularly because of its source. This is a copy of a letter coming to you from Spiroco Company Limited addressed to the Honourable Darcy McKeough:

"I listened in disbelief to your address to the Society of the Plastics Industry members who attended the convention lunch at the Inn on the Park, October 18. I thought surely that a man as astute as you seem to have been in the past would have some conception of the problems facing Canadian industry, especially small business, and the reasons for concern about tariff reductions. Instead, we heard you say that you favoured free trade and if we couldn't compete, then, in effect, adapt or get out.

"If, indeed, you spoke with incomplete information I would like to present some of the facts to you—cold hard facts that we manufacturers face every day, but which you seem to ignore. If you continue to ignore them it will be to the peril of all of us, including yourself and the other politicians and civil service employees."

He makes a number of points in this letter and you've probably got this letter. Are you familiar with it?

Hon. Mr. McKeough: I just got it last night.

Mr. Peterson: Would you like me to read it to you so you can respond, or—

Hon. Mr. McKeough: Sure, if you want to.

Mr. Peterson: "My points are many US industries pre-date their Canadian counterparts or subsidiaries by up to 10 years. During this time they have, due to experience and a market 10 times the size of ours, grown much larger than we have. As an example, a US manufacturer can produce 250 identical showers"—this guy's in the plumbing business—"a day all year and market them at a radius of 100 miles from his plant.

"A Canadian manufacturer must manufacture 20 to 50 units of many different types of plumbing fixtures in order to have sufficient volume to keep his plant going and must market them over a 500-mile radius. This incurs inefficiencies not encountered by his US counterpart. US consumption of plastic plumbing fixtures as a percentage of total plumbing fixture sales is roughly 30 per cent. Canadian consumption of plastic plumbing fixtures as a percentage of total plumbing fixture sales is roughly 1.5 per cent.

"A hypothetical US shower manufacturer near Buffalo, for example, could, under equalized trade, increase his shower output by 10 per cent to cover the Metro Toronto and Hamilton area. His economies of scale would allow him to greatly undercut the Canadian manufacturer's price, take the market away. Our cost—one entrepreneur out of business and 20 people out of work.

"The plastics industry is not alone. Canadian industries, especially those labour- and material-intensive, find that US manufacturers can sell a similar product at less than the Canadian prime cost, as they selectively choose a good market area near the plant and service it with an increase in production. The Canadian manufacturer must sell his product across Canada to survive and finds that his prime markets are picked clean.

As an example, the Canadian recreational vehicle industry was a large and profitable industry five to seven years ago. Now only a very few manufacturers survive, fewer still are making a profit and US imports account for 40 per cent of the market. Another Canadian industry is dying because US plants pick the marketing plum, sell surplus production for less than we can manufacture"—

Hon. Mr. McKeough: That's dumping, eh?

Mr. Peterson: Dumping is a very subjective matter.

Mr. Martel: A nice way of putting it.

Mr. Peterson: No, that's not the dumping definition. It's lower than its price at the same level of trade in the exporting country. I don't think that is dumping here. If they can manufacture it cheaper, they can sell it cheaper as long as there's the same level of trade.

"The large chemical and oil industries are worried that their markets for their products in Canada are drying up. They cannot afford to lose their Canadian customers as a large part of their potential production from their world-scale plants was earmarked for Canadian conversion.

"The same pattern repeats itself over and over again. As soon as a Canadian industry gets big enough and the market becomes large enough. Canadian manufacturers are unable to compete with their US counterparts, not through lack of technology, drive, or capital necessarily, but because of a completely different cost base and market sizes they supply with incremental costs and we must supply with fully integrated costs.

"Basically, our problem is not one of being able to compete in an export market. We are barely able to compete in our own market, and yet the small protection that we have is soon to be demoiished by people like yourself."

It goes on with a little bit of diatribe against the Treasurer and then it finishes off **saying: "For three generations on both sides of my family, the Progressive Conservative Party of Ontario has had unswerving support from virtually all its members, until now. Do you care?"**

It's from Timothy Wright, president of Spiroco, and he happens to be Arthur Meighen's grandson. You've offended—

[1:45]

Hon. Mr. McKeough: I read that letter last night and there was another from the industry itself. What I found a little bit incredible, quite frankly, was that in neither letter was there any mention of the positive things facing the plastics industry or that the plastics industry could take into account. What is also distressing is that there is no doubt in my mind that they are going to have to make some adjustments, that there will undoubtedly be tariff cuts, not by my decision, I did not say and I have not said that I am in favour of lower tariffs on plastics. But I think that is an area where I will be surprised if there is not some movement in terms of a world economy.

I would think they would be better addressing their minds—and perhaps hopefully I have shocked them to the extent that they will—to what adjustments they should be making and how, if possible, either the Canadian or the Ontario government could help them during that adjustment period. But there is no sense just putting their heads in the sand. With the greatest respect to the author of that letter and the other one, that is precisely what they did.

The only thing they have said in that letter is that they are against freer trade, period. They have not given a positive suggestion, they have not even made a request. I guess their request is really, "Please do not be for freer trade." That, to me, is putting their heads in the sand.

Remember that that industry, in particular, has a low capital cost. We can argue this, but it is an industry that I think we want to encourage, because the capital cost of getting into it is relatively small compared to a lot of other industries. It was as a result of this that there were an awful lot of people who got into the plastics business about 10 years after the war. Literally, \$20,000 would buy, as I recall, an extruder. You hired 10 people and you were in the plastics business of one kind or another.

There is no question that there has been a tremendous amount of shaking out, and my guess would be that there have been as many failures in the plastics industry, on the manufacturers' side, in the last 10 years as probably any other single industry.

There is no question that the point he makes about small scale is true, no question about it at all. But if he is talking about shower heads, what is to prevent him—he talks about Buffalo, which has a market of 50 million people within its radius; so does Sarnia. I think he should be seriously looking at a greater effort to get into the export business, become the great expert in shower heads.

Presumably, if tariffs are going to be lowered one way tariffs will be lowered the other way. But it is an industry that very much needs concentration. It is an industry that needs much more specialization than it has allowed itself to have in the past. He really has not looked at some of the pluses. It is great to be negative, but would any person sooner be operating a plant today in Buffalo than they would in Sarnia? Think about that one, with everything that is related to it.

In Sarnia, you have probably one of the best trained, most qualified I think, skilled labour forces—

Mr. Peterson: Highest paid.

Hon. Mr. McKeough: Highest paid; that may be part of the problem that you have in Canada; certainly I think you could stack up labour forces in Sarnia—

Mr. Peterson: You are starting to sound like Adam Smith.

Hon. Mr. McKeough: —against Buffalo any day of the week, and a whole lot of things that go with it.

I have said enough already. But there are a few other things that you should be looking at and paying attention to. The guy in Buffalo is paying higher federal and state taxes.

Mr. Peterson: I am going to send him a copy of this and he will be madder when he—

Hon. Mr. McKeough: No, we will reply to him.

Mr. Peterson: I will send him a copy of this little exchange.

Hon. Mr. McKeough: His taxes, federal and provincial, to my knowledge are lower in Sarnia than they would be in Buffalo. I cannot speak for his real estate taxes.

His market size potentially is the same, 50 million people within that 100-mile radius. His wage costs, and I gave those figures yesterday, have started to stabilize in this country versus the United States; both forecasts now would look at wage increases next year in the same order, of six to seven per cent, we have stopped running ahead of the States. We are not going to get behind them in a hurry, that is going to take a couple of years, but at any rate we have stabilized in terms of wage costs.

I suppose the most compelling thing—and this is what really upsets me about the plastics industry, and I will tell them this—is that it is an area where we have got the greatest bloody opportunity, because we have the raw materials in western Canada. We can be taking those raw materials and doing something, be it in Sarnia or Camrose or Edmonton or Calgary or wherever—without getting into that argument.

Mr. Cassidy: Just like we do in nickel.

Hon. Mr. McKeough: But we can take those raw materials in Canada and do something with them. That is why there is pressure from the Americans. Americans want those feed stocks that we have in Petrosar, among others. I don't want to get into the western Canada or eastern Canada division of opinion on that subject, but if you look at the barrel of oil that goes into Petrosar and trace it down, if we start doing something with those Canadian-made products there is something like more than a \$1 billion balance of trade in that area alone.

But Canadians are going to have to be awfully aggressive. Petrosar is starting to come on stream; they are taking raw oil and upgrading it and they have to do something with the product. They do some things with the product, but there is a downstream market for literally dozens of companies to take that Canadian product, which has been in short supply—ethylene, polyethylene—they should take that Canadian product and do something with it.

When you are talking about plastics, you are talking about something that is relatively cheap to ship. But what comes out of that barrel of oil as opposed to exporting a barrel of oil or the MCF of gas, is literally—well millions of dollars; hundreds of millions, billions.

Mr. Cassidy: If that is such a good deal, why don't you do it in nickel?

Hon. Mr. McKeough: Because there is a little difference between shipping steel and shipping plastics. You think about that. You really want the nickel where you're making the steel, you really do. We have one plant that makes high grade steel looking after the Canadian market.

Mr. Laughren: And you let them develop at Nanticoke, too.

Mr. Peterson: I am going to send a copy of this grade B lecture you've just given on how the plastics industry should go out and get some more—

Hon. Mr. McKeough: I accepted his lecture in good spirit. I just wish that he offered some suggestions or solutions other than, with great respect, putting his head in the sand and saying, "We don't want lower tariffs". We are living in a world where tariffs, in my view, are going to be reduced.

Mr. Peterson: Of course there's lots of debate on that subject and you are entitled to your view on it, but I'll tell you this—

Hon. Mr. McKeough: You don't think they will be, eh?

Mr. Peterson: With the views you have expressed with respect to this particular small business operator, you are part of the crisis of confidence in this country today. That guy isn't going to go out and spend \$100,000 or \$500,000 building plant with you running around espousing the views you were just espousing. They are going to be concerned about their investments, they are going to be concerned about their future.

Hon. Mr. McKeough: They should be.

Mr. Peterson: You are part of that problem; you are part of that problem unwittingly. It's one thing to walk in and give a grade B

lecture about how to expand into the Port Huron or Detroit market, and it's another thing to keep the thing functioning on a daily basis and to hang onto whatever available markets are there today. You have to be far more selective in your views about industry that has to be protected here. If your views carried the day on tariffs, we would be in a hell of a lot worse position than we are today.

Hon. Mr. McKeough: They're not my views.

Mr. Peterson: You're the one who is running around espousing them.

Hon. Mr. McKeough: No, I'm not.

Mr. Peterson: Of course you are.

Hon. Mr. McKeough: What I am doing is passing on what I perceive to be Canadian tariff policy. If I'm wrong, if we're not in a tariff-cutting mood, then I'm going to be very surprised.

Mr. Peterson: Are you now apologizing for the feds? Or what are you doing; are you carrying the can for them?

Hon. Mr. McKeough: No, I think the feds are facing up to the realities of world trade. I don't think you are.

Mr. Peterson: Do you think you have trained them to face up to realities? Is that your view?

Hon. Mr. McKeough: No.

Mr. Peterson: I'll tell you—

Hon. Mr. McKeough: There are some wrenching adjustments that are going to have to be made and they're not going to be made by those people who until the very last moment say tariffs shouldn't be lowered. They better start looking at a whole variety of things as to what they can better do and how they can better do it. If they want our assistance in that, that's what we're here for, that is precisely what we're here for.

Mr. Peterson: You scared the hell out of that whole industry.

Hon. Mr. McKeough: That is what Ottawa—

Mr. Peterson: You scared the hell out of that whole industry. Not, in my judgement, to change or adopt, because these people aren't completely stupid, you probably scared them about their prospects, you probably scared them out of any future investments—

Hon. Mr. McKeough: Oh nonsense.

Mr. Peterson: As I said earlier, you are part of the conspiracy.

Hon. Mr. McKeough: Then it is better just to let the tariff changes happen and say nothing about it; is that what you are saying?

Mr. Peterson: You have a major input into that. You can take any view you want. Obviously, one of the things you have got to do is protect our own interests. I am not sure whether you want to be a national figure, a provincial figure or a Chatham figure; you have to decide which one.

Hon. Mr. McKeough: You can protect interests, but you also have some responsibility to prepare people for change.

Mr. Martel: We have the proof of that.

Mr. Peterson: You also have an obligation to protect what is here.

Mr. Cassidy: The way you protect Sudbury, is that right?

Mr. Peterson: Your Adam Smith approach is not necessarily the one that is going to carry the day, that argument has yet to be settled. You do have a major input, and in my judgement you should look very seriously at every sector in this province that is going to be affected and fight like hell for a gradual phase-out or an integrated program.

Hon. Mr. McKeough: The only way we will be listened to by Ottawa, or by our negotiators, and the only way that industry will be listened to seriously at Ottawa by our negotiators, is if we level; if we simply go around saying that everything has to continue to be protected by high tariffs, then I think very few things will be. We will not then be serious negotiators. In my judgement—and I stand to be corrected on this, and I hope to have a thorough dialogue, both with the industry and with him—I would say that plastics is probably an area, because we have the feedstocks within Canada, where we have a future.

Whether the future is in precisely the form and the entities, big or small, as we know them now, I am not sure, I would not think that it is. If you go back to three years ago, there were world-wide shortages of ethane and of the byproducts from the refining process. There was a tremendous interest on the part of American companies in building feedstock plants in western Canada and here to ship that feedstock out of this country, turn it into polyethylene rope or film or pots and pans or shower heads, or a dozen other things, and ship it back into this country. It would be my hope, and hopefully we can provide the climate, that a great deal of that raw material would not leave the country.

The other thing about the plastics industry—and I am sure they are better aware of this than I am—is that as we move toward the smaller car and the lighter car, I would

say the future of the plastics industry in a total sense is probably better today than it was five or 10 years ago. There will be more use of plastic, and to some extent of nickel, which is lighter. I think the union said that and that is where I read it this morning. I do not think that is a big factor, is it? There will be more nickel in automobiles five years from now, is that right?

Mr. Martel: No.

Hon. Mr. McKeough: The report was more, I thought. Was it not? I read it very quickly. Certainly there are going to be more plastics, and we have the feedstocks.

Mr. Martel: That is in the same terms as the relative amount of plastic now being used in it, yes.

Hon. Mr. McKeough: Yes, in a car now, sure. Maybe he gets out of making shower heads and he goes into making door handles for a Ford automobile, I don't know. That is not my decision to make, obviously, or even my intelligent suggestion, because I do not know that much about the industry. From my vantage point, I think the future is better with Canadian raw materials and our will to take them out of the ground; and, hopefully, a will not to export them all out of the country. That is a real problem; there is no question about that; to ensure that some part flows through to plastics producers in western Canada—some, but more, I would think, here and in Quebec.

Mr. Peterson: That argument is far from resolved. There are very serious competing trends running right now, with the quotas and with the dumping—Ottawa is going wild with dumping duties—and fair market value assessments, which are to a large measure politically inspired rather than in fact substantive. The steel industry is running up to Ottawa constantly asking for dumping inquiries to protect their interests. There are all sorts of them.

Hon. Mr. McKeough: No.

Mr. Peterson: Yes, they are.

Hon. Mr. McKeough: No, it is not correct

Mr. Peterson: Yes, they are. I am just telling you it is correct. I happen to know that for a fact.

[2:00]

Hon. Mr. McKeough: The Canadian steel industry, by the way, is the one bright spot in the steel-industry world at this moment. What they are much more worried about is that the Americans will adopt a quota system; they are more worried about that than about dumping.

Mr. Peterson: They're also worried about

roughly 20 per cent of the Canadian market now going to the Japanese; and surprisingly, the British are now starting to take some very cheap contracts in this country today, and that's been eroding. I am saying that there is a tremendous amount of industry pressure to go the other way—with textiles, electronics, steel and all sorts of other things. So that argument on tariffs is far from settled.

Hon. Mr. McKeough: You'll not find in steel a demand for higher tariffs.

Mr. Peterson: You're finding a politically-inspired dumping investigation.

Hon. Mr. McKeough: Yes, but that's not tariffs.

Mr. Peterson: It's another mechanism to protect the failing economy.

Hon. Mr. McKeough: It's not politically inspired. If somebody is dumping, that's something that should be looked at seriously. Dumping is in contravention of tariffs. But because somebody is going around saying: "There's some dumping going on, please look at it"; that doesn't, ipso facto, make them in favour of higher tariffs. They simply want people to live by the rules of the game.

Mr. Peterson: No. First of all, it's far more complicated than you'd have us believe. I happen to know something about this. By and large, it is very much a function of the political heat exercised by bureaucrats, depending on the size of the lobby in Ottawa. That is the way, by and large, that the system works and—

Hon. Mr. McKeough: You know more about Ottawa than I do.

Mr. Peterson: —any lawyer who has operated in that system will tell you that. That happens to be the truth. I'm just saying it's part of a move for more protection for Canadian industry.

Hon. Mr. McKeough: In the steel industry you couldn't be more wrong. There is no way that a steel company would be spending \$1.1 billion or whatever it is at Nanticoke if it didn't feel that it could look after the Canadian market, and probably in the next decade have a shot at some export business.

Mr. Peterson: There's no way Inco would have spent a billion in the last five years if it had known what was happening today either. Okay, we all operate on certain premises that change from time to time but—

Hon. Mr. McKeough: I think you should really ask if the steel companies are asking for a higher tariff level.

Mr. Peterson: Did I once say that?

Hon. Mr. McKeough: Yes.

Mr. Peterson: I did not; that's nonsense.

I said their protection is through the dumping mechanism.

Hon. Mr. McKeough: You confused the two.

Mr. Peterson: I did not, you confused the two.

Hon. Mr. McKeough: Look at the transcript.

Mr. Peterson: You look at the transcript, for a change. I am saying that, as part of a co-ordinated industrial strategy, you take a hands-off approach too constantly. You should take a sector-by-sector view of our strength. For example with the plastics industry, as we've discussed today, you would be looking at that and you would be talking about phased-out tariffs. You would be operating on quite different premises if you had any kind of handle on our various manufacturing strengths and weaknesses, that is my point. It all ties in together. You don't have the information. You've taken this hands-off approach, you've constantly taken this kind of strategy. You're going to be forced into the marketplace a hell of a lot more than you are now. Am I sounding like Adam Smith?

Mr. Martel: In the 15th century.

Mr. Peterson: Which century?

Hon. Mr. McKeough: No, you're sounding like a protectionist. I'm not prepared to dismiss the advantages to consumers quite as loosely as you are.

Mr. Peterson: There's no advantage to consumers if a lot of our small businesses go belly up.

Hon. Mr. McKeough: You tell all the people who have been buying shirts or running shoes from Taiwan that there are no advantages to freer trade.

Mr. Peterson: Okay; what position have you taken on the quotas?

Hon. Mr. McKeough: I supported the quotas when they were brought in.

Mr. Peterson: What the hell is your position then? You support the quotas or you don't? You go both ways on almost everything.

Hon. Mr. McKeough: Oh, get off of it.

The quotas were imposed on a temporary basis. Undoubtedly what has to happen in the Canadian textile industry is some rationalization, some sorting out. Somebody here was talking about the textile industry, particularly in Quebec. It needs massive modernization; it needs protection against dumping. It may need some short-term protection by way of quotas in terms of very stiff, low-cost and low-wage competition for Korea and some

of the developing countries. Try to tell the Canadian consumer that he's going to have to pay higher and higher prices forever and not see some of the benefits of world competition.

Whether the \$2 million is correct or not, that's our best estimate at the moment of what the consumer would see. I have some interest—we all do, surely—in consumption prices in this country.

Mr. Peterson: In that you consume a lot.

Hon. Mr. McKeough: What we have to talk about and concentrate on is how we maximize the benefits, not just to the consumer but to the work force as well, and how we minimize any costs. There will be some dislocations, but I say again that to not talk about an adjustment process, to not face up to the facts, to not talk about rationalization, to not talk about the pluses—perhaps a greater access to foreign markets—and simply to put your head in the sand and say, "I don't want free trade or any freer trade and I want higher tariff levels," is not doing a service either to industry or to the consumers.

Mr. Peterson: Presumably, then, you think the value of the Canadian dollar is a very serious disservice to the consumer today, because he's paying 12 per cent more than he was six months ago.

Hon. Mr. McKeough: Yes.

Mr. Peterson: So you'd like to see the dollar back up?

Hon. Mr. McKeough: No, I didn't say that.

Mr. Peterson: What would you like to see?

Hon. Mr. McKeough: I think there's no question that the devaluation of the Canadian dollar is hurting on the inflation side.

Mr. Peterson: It's hurting your friend the consumer.

Hon. Mr. McKeough: There again I think it also provides some opportunities. We discussed this the other night. If the Canadian consumer goes on drinking orange juice, he's going to pay the 12 per cent differential. If Canadian food processors—grape marketing boards, apple marketing boards—get off their butts and say, "Let's drink more apple juice"—

Mr. Peterson: And he pays 12 per cent more for his Taiwan T-shirt.

Hon. Mr. McKeough: No, we're talking about orange juice at the moment.

Mr. Peterson: No, I'm talking about the whole issue, you're talking about orange juice. You're talking about orange juice and apple juice. I'm just saying you go both ways. You don't have a co-ordinated policy.

Hon. Mr. McKeough: You tell me what your co-ordinated policy is.

Mr. Peterson: I'd take some of these guys—the cheering section you've assembled here—and I would probably organize them in a very different way and I would probably have a much better handle on my industrial strengths and weaknesses. I would have co-ordinated policies that would assist my positions on tariffs and the whole industrial strategy area. That would be an area that I would be intensely and deeply involved in. With no apologies to Adam Smith or anybody else, that's where I'd be.

You go one way on the price of the dollar. You go the other way on the tariffs. I don't know—you're very accomplished, because you're like a greased eel to get hold of—

An hon. member: A large-sized one.

Mr. Cassidy: You Liberals are experts in that particular area—

Mr. Peterson: We're not a party of the right. It's the guys in the middle that go both ways.

Mr. Chairman: Has the member for London Centre completed his remarks?

Mr. Peterson: I could go on, but let's let Elie have his chance.

Item 2 agreed to.

Vote 1102 agreed to.

On vote 1103, economic policy program; item 1, economic policy:

Mr. Chairman: This item is divided into three sections: regional development strategy, parkway belt and regional priority budget. With the concurrence of the committee, it would be my judgement we should take these items one by one. Agreed?

First off, regional development strategy. **Mr. Laughren?**

Hon. Mr. McKeough: It may be hard to differentiate between them, but okay.

Mr. Laughren: The member for Sudbury East is going to lead off.

Mr. Chairman: You defer to the member for Sudbury East?

Mr. Laughren: I want to stay on the list.

Mr. Martel: Thank you, Mr. Chairman. Let me start by asking the Treasurer what he would do if there were 6,000 people to be eliminated in the work force in Chatham in the next 12 months. I suspect he would be prepared to act somewhat more diligently than either the Ontario government or the federal government is prepared to do in respect to Sudbury.

The irony of this whole situation which developed last week is that neither Ottawa

nor the government of Ontario really wants to talk about Inco. The Minister of Labour (B. Stephenson) wants to talk about running a train to Elliot Lake for the 300 jobs that are there, although the houses aren't. I understand from the press that Ottawa has turned thumbs down on every proposal presented to it so far. In fact, it pretty well dismissed the 2,200 men at Inco and the 800 men at Falconbridge.

Using a very conservative figure, I suspect, the planners for the city of Sudbury and the regional municipality of Sudbury have just tagged on a one-to-one relationship. In other words, from the basic industry to the non-basic jobs, they've simply used a one-to-one relationship. I suppose there are economists who would use a considerably higher ratio than one to one. In other words, one job lost in the basic industry will be complemented by one lost in the retail sector or the educational system. I suspect that there are economists who go to as high as two and a half.

We are talking, by next fall, of at least 6,000 jobs and \$69 million of income.

Hon. Mr. McKeough: Sixty-nine million?

Mr. Martel: Sixty-nine million. I'm using the very conservative figure of one to one.

Mr. Haggerty: Never use that, Elie.

Mr. Martel: As I say, the irony of it all is no one wants to talk about or to Inco; about Inco and its conduct and to Inco on what in the hell it can do to change the situation.

We all know in the Sudbury area that the market is soft. It doesn't take a genius. We also know that a major contributor to that has been Inco. Being one of the leading producers of nickel in the world, it has to be held, to some degree, responsible for what's transpired in the Sudbury basin.

The problem is not just Inco or Falconbridge—we'll come back to that company—the problem is this ministry. For 10 years I've stood in my place in the Legislature on many occasions and said we have to do something other than tear the resources out of the ground in the north. The Premier (Mr. Davis) established a select committee to look at economic nationalism and when the heat was off from the public, the report on economic nationalism died.

In fact, Mr. Honey, I guess, from your ministry drafted the basic report on which the select committee did a good deal of its work. I well recall that supper we had at Sutton Place and you wanted us to move away from the economic nationalism and move maybe a little stronger towards cultural nationalism, but the select committee, made

up primarily of your members, said "No, we're going to deal with economic nationalism in a very serious fashion."

We had some 19 reports in total that came out. They covered the waterfront, the whole spectrum. It's intriguing that whenever we talk about some of the recommendations the Treasurer gets up on his high horse, as he did in the Legislature last Friday, as he did last night, as he repeated again today, about nationalization.

I'll read to you what the Chamber of Commerce in Sudbury said about our policy of economic development. It's called "A Profile in Failure." The fact is, the Treasurer got so irritated when this report came out he refused to read it in its entirety. It upset him so badly.

"The northeastern Ontario regional strategy is devoid of any strategy of development—physical, economic or social. It represents the pinnacle of intellectual bankruptcy of the southern establishment in even analysing the problems of the north, let alone dealing with them effectively. The only way to deal with NORS"—that's how they reduce the name—"is to let it terminate as an expensive receptacle of dust until it glides gracefully or otherwise into oblivion.

"However, we have to give it a decent burial for the sake of propriety. Therefore, what follows is a eulogy enumerating the reasons why the NORS should be relegated to the realms of irrelevance."

Mr. Peterson: Did Stephen Lewis write that?

Mr. Martel: Chamber of Commerce.

Mr. Peterson: Very elegant.

Mr. Martel: Although we do scream sometimes for nationalism, it's not without reason. The select committee, which came up with the recommendations—seven of them your colleagues—I realize it's not a document adopted by government, but in fact the select committee, having studied the resource sector for the better part of three years, having visited six other countries, came to the conclusion that the policies of the government of Ontario with respect to natural resources were simply not adequate to meet the needs of Ontario or Canada; and they too called for an equity of 50 per cent so that we would have a determination in what would be a meaningful development of this province.

[2:15]

That hasn't occurred. The Treasurer stands in his place, the other night, when a city faces at least 6,000 people being laid off, 15,000 people affected, screaming that the only thing socialists understand or will talk about is nationalization.

I wish he would include in that list people like Sidney Handleman, William Newman, Nick Leluk, Mr. Speaker Rowe, and a number of other of his colleagues; and also, from the Liberals, Donald Deacon and my friend from Nipissing, Dick Smith, who realized that Ontario can no longer go this way.

I also recall when the Kierans report came out from Manitoba on the mining industry, the minister responsible for mining nearly went berserk on what the Kierans report called for. Kierans also recognized that if there was to be any meaningful development in this province we had to control the natural resources.

In fact, the Treasurer today gave himself away in two ways. He said, with respect to the plastics industry, "We should be retaining the resources here and developing them." I think that's the way he said it. It might not be precisely the wording, but that in fact is what he was saying—we should utilize those natural resources here to develop a better and a mixed economy.

He also said, this morning, I believe, "Maybe we are going to have to take another look at what's happening to the resources in Ontario, and maybe we're going to have to change our positions." I am trying to paraphrase him fairly accurately, because I don't want him to come back with some gobbledegook in a little while that I distorted what he said. I presume that's what he said.

Even the Tories have got to realize that an economy like ours cannot face the devastation of such an action by such a company, a company which we have been generous to; two companies which we have been generous to. As it presently stands, we have no policy regarding the mining industry, and we have even less regarding secondary industry in northern Ontario.

For 10 years in this Legislature, those of us from the north have called for a policy. I recall the clambake in Sudbury, Mr. Treasurer, when John Robarts and company came to the Sudbury basin—I believe you were there—and we had the first phase of the development for northeastern Ontario. I recall some of the tremendous comments that were in that report—succinct stuff, really viable stuff: "You have to be careful, there might be drownings near large bodies of water." That, really, for us was a magnificent statement in that report. It really got to the hearts of all the people of northeastern Ontario, I want to tell you.

We said the document at that time was totally useless, and you have come down the line and you have changed the number of economic areas from five to 10 or whatever

the hell it might be, and for 10 years you haven't changed your position one jot, really. In fact, as the Treasurer said after he read the report, "A Profile in Failure," north-eastern Ontario should realize it will not have secondary industry for at least 20 more years.

By that time, at the rate we are exploiting our natural resources and the fact that there are no new mines coming into production, we won't have anything left to develop. I don't know what you're going to do—if you're going to bring silk from Japan, or something like that, and manufacture it there 20 years from now. Or if, in fact, we are going to get seriously involved in trying to bring in industry related to the natural resources there while there is still a source to draw from.

Despite people having said that for years, for more years than I can remember, it hasn't changed. The irony of it is, it was a Tory Premier who called for the nationalization of the mining industry in Cobalt—Eli Whitney, I guess his name was—in 1905. Maybe he was just premature, ahead of his time, but he recognized then, if you read the books that are out, that we could no longer simply tear it out of the ground and ship it somewhere else in its most simplistic form and expect jobs or tax returns.

After 34 years of Tory government we have seen no development in the north. One of the ways the Treasurer helps—or at least thinks he helps—Ontario's economy is that he gives tax concessions. Some of them are for new equipment. Are you aware that one new piece of mining equipment costs 16 jobs?

According to Gib Gilchrist, the area representative for the United Steelworkers, every time a heavy piece of new equipment is put in underground it costs 16 jobs. The Treasurer's argument is that a tax concession, in fact, creates work. I am not sure where. We do not produce any mining equipment in Ontario. One of the recommendations for the minister from the select committee was that the government should actively encourage the development of Canadian-controlled firms in the mining machinery and equipment industry through the provision of loans and research assistance and through purchasing policies. It reads:

"24. Policies should be developed to improve the performance of mining machinery and equipment in firms in terms of exports, research and development in increasing Canadian value added."

I asked the Treasurer the other night what they had done with this report. They tossed it out. It was a relevant report but they would not adopt it. That was 1973. We still

import, from the United States, from Germany and from Sweden, most of our mining equipment. We have a little—Atlas Copco. Sweden, with nine million people in its country—

An hon. member: Seven.

Mr. Martel: Is it seven?—is a leading producer of mining equipment. We have nearly all of the types of mining that can go on and we do not produce a damned bit of equipment. The select committee recommended it, people have been screaming about it, but nothing is done. You do not see it anywhere in your policies, because you do not believe in getting involved. I have heard you say it over and over, it is left to the private sector.

What do we do with a million people unemployed? Do we just leave it to the private sector? Do we leave the 6,000 people who are going to be affected in the Sudbury basin within the next 12 months to the private sector? Or do we run a special train to Elliot Lake where there are 300 jobs? What good is that going to do for the remaining 5,700 people who are going to be unemployed? There really aren't jobs available when you have a million people unemployed. Where do you put them? Where do you send them? To Elliot Lake? Well beyond that?

The Treasurer knows that we have a system, which he helped to negotiate with the region, of at least \$50 million for sewer and water that is on a consumer basis, I guess that is the way it is going to be paid for. If there is an outflow, as is going to be projected, because there are no jobs—in fact, Inco is very veiled in its statement indicating there could be further layoffs in the near future—who pays for the sewer and water scheme in the basin?

We have never had an adequate tax base in the north. We have never had an adequate tax return in the north. Can you imagine a city, in an area where the International Nickel Company has taken out over \$5 billion in profit, is installing a sewer and water system this year? And we cannot talk to them!

A source close to the company tells me that a very tough decision had to be made—whether to curtail expansion in Guatemala and Indonesia or to curtail events in Sudbury—and that Inco very deliberately chose Canada to cut because they felt that the two governments in the southern hemisphere might be somewhat more radical than the government of Ontario and the government of Canada and might take some drastic measures. They realized that the Ontario government would, as it has done, throw up its

hands and offer a GO train, and the federal government, as it has done, would offer nothing.

In this country, we've stockpiled uranium. We've stockpiled food produce. We've stockpiled everything. But we can't stockpile nickel.

I'll tell you a couple of interesting stories that happened last week. I was talking to a young man in the city and, based on Inco's very carefully worded statement on September 8—when Falconbridge announced its layoffs and so on—Inco came out with a statement on September 8 and said: "There will be no layoffs this year." The young man, who was at the rally on Sunday afternoon, came up to me. He said: "You know, based on that statement I went down to the bank and I withdrew my \$6,800 and purchased a home." He's a young family man with a couple of kids. He said: "What am I going to do? Even if I get unemployment insurance, I can't pay for it." It was a very carefully worded statement.

The morality of that company is totally lacking. They don't measure things in human terms. It's always the end of the balance sheet; and the end of the balance sheet for Inco this year has been tough already. For the first eight months, they only got \$95 million in profit. Last year was a bad year, I guess; it was only \$196 million. The year before that it was \$186 million. The year before—1974—it was \$298 million, and the year before that it was \$225 million. It goes down so that within 10 years you've got a profit, excluding this year, of at least \$1,700 million.

I realize you've got to make a profit to stay in business. How much profit, though? Is there never a year that you don't have the enormous profit? Is there ever a year you say, "We've taken enough out of the municipality. We've taken \$5 billion worth of profit out of there." Isn't there a year that the shareholders can suffer a little? Or should it always be the working people in this society—6,000 in Sudbury—who do the suffering?

Another young man before the announcement that the layoff was coming at Falconbridge, went down to the bank to try to borrow some money to buy a home. The bank turned him down. They said: "There's going to be a layoff here." The guy went back to the union and said, "Look, there's going to be a layoff here." The union didn't know a thing about it at this stage of the game. The union picked up the telephone, phoned Falconbridge and Falconbridge said: "Which bank are you dealing with?" And they ad-

vised him. Within an hour, the young man had the loan and two weeks later the announcement came of the layoff.

Isn't that nice? Falconbridge arranged for this young fellow to make a loan to cover up their own proposed layoff and then, two weeks after he gets the loan, he gets the announcement that he's out of work. What type of morality do these multinational corporations have? This was one of the things the select committee said we have to move on.

Let me tell you, I've listened to Bernier and his nonsense and, before him, Allan Lawrence and his nonsense, and I was intrigued to listen to the White Knight from Ottawa the other day as he decried the actions of Falconbridge and Inco. I recall asking Allan Lawrence in 1969 to ask Falconbridge to locate its new refinery in Ontario. And what was Allan Lawrence's response? "We won't even ask them. That's their decision." And now in opposition in another forum he is decrying the actions of Falconbridge when, in fact, in 1969 he was the minister responsible for natural resources.

[2.30]

I'm sure the chairman can recall those incidents. The then minister wouldn't have a thing to do with it. Neither would the free-enterprisers.

In 1974 or 1975, when Falconbridge announced the layoff of 500 or 600 men, the next minister responsible for mining, old Leo the Lion-hearted, gave them two more concessions: They could continue to claim offshore development for four years, I guess it was, and they could continue to process abroad for five more years. That was going to save jobs. I heard the Treasurer say last night that probably saved us jobs, because it might have closed down otherwise.

One might look at the corporate actions of Falconbridge during that period. As I said to the Minister of Labour the other night, probably the best thing that could happen to Ontario would be if Falconbridge fired Marsh Cooper because of his bungling. The \$100-million expenditure in Sudbury for a plant that never worked and their expenditure of \$20 million for one mine and \$5 million for another mine, outlays that are far in excess of the size of the mines, leaves some of the decisions made by Marsh Cooper questionable.

Who suffers the consequences? Two years later, after giving these concessions and Falconbridge taking its money and expanding its operation in Norway, we have an announce-

ment of a further permanent cutback of 800 more jobs and a month's layoff two weeks after the vacation period when they could have shut down for a month in summer. That didn't bother Falconbridge; you wait until everybody uses their vacation pay, then you ask the taxpayer to pick up the tab—the worker suffers two weeks' loss of income and the taxpayer pays for two weeks' unemployment insurance. That's the mentality of these corporate giants in the multinational world.

Falconbridge, although Leo likes to call them small, only belong to Superior Oil. They were purchased some years ago from the Norwegians, I guess, by the Texas millionaires, the last of the great robber barons. As they continue to exploit people, we continue to have no policy with which to protect people. It's intriguing that the Treasurer says today that we might have to move away and get into manufacturing, but Gillies, who appeared before the select committee a couple of years ago—

Hon. Mr. McKeough: Actually that was not what I said. If I said that I have been misrepresented, because I said that I begin to wonder, in terms of some of our resource industries, whether we don't have to encourage greater basic extraction even at the expense of upgrading; we may have biased our system too much in favour of the latter and thereby hurt the former. I don't want to interrupt the member but that was the point I think I was making this morning or yesterday when we were talking about mining taxes generally.

Mr. Martel: I want to get back to Gillies in Ottawa, because he is talking about more rapid exploitation of natural resources. In fact, he says we should be proud to be hewers of wood and drawers of water. But in an industry producing a great deal more now than it did 10 years ago, with a smaller work force, the handwriting is on the wall if we continue down that line. Where are we going to employ people in our society if it's a case of more exploitation in an industry that's heavily capitalized in terms of equipment and becomes less and less viable in terms of people working there year after year? Your policies, if you have any, are redundant, because we're going in the opposite direction.

As the minister knows full well, his predecessor in this portfolio indicated in 1974 that so little exploration was going on that it appeared as if the Ontario government were going to have to develop a Crown corporation to do exploration. That is strange. The Tories can announce in the budget a

corporation to do exploration, they can find documents calling for a 50 per cent take-over, although it's not official government policy, and yet you have the audacity to stand in your place like a little child—I've watched intemperate little children when I taught school—and beat your breast about free enterprise and "you socialists know nothing else."

I don't believe John White was a socialist by any stretch of the imagination; it is hard for me to conceive of John White as a socialist. You can have an Alberta Conservative Premier taking over a whole air service and that's okay, but you get up there with all the hypocrisy in the world and belittle those people who are trying to at least make a change that might protect the future of this country.

I raised the question yesterday in the Legislature about the money you invested in Minaki Lodge. I suppose you were socialist then when you bought that defunct, bankrupt piece of rubble in which you invested \$8 million—or had until you said "no" for the time being—and had guaranteed another \$10 million for its proper development.

Mr. Wildman: Now they want to give it away.

Mr. Martel: Now you want to give it away. Were you socialistic in those days? The minister responsible tells me yesterday that you were simply trying to create work. I'm simply trying to protect jobs where there is a great return. As I say, Inco had a poor year this year—for eight months—with a return of only \$95 million; that is, obviously, a great return. I wonder if the chances of a return in Minaki were as great as the chances of a return in Inco.

If you spent \$35,000 or \$40,000 per job in Minaki, as opposed to spending \$35,000 or \$40,000 in either: (a) stockpiling nickel to that amount, or (b) buying shares in Inco to that amount; I suspect your chances of getting your money back would be much greater in Inco than your investment in Minaki, much greater. That's socialism when it comes from us, but it's great stuff when it is in Leo Bernier's riding.

What about the \$100 million you put in Syncrude? The government of Ontario pumped \$100 million into Syncrude a couple of years ago, I guess. Surely to God, we should be able, or should be prepared, to invest that kind of money to guarantee the jobs of the people of the Sudbury basin; and we would show a fairly nice return on it, if we played our cards right.

You put \$10 million in Polar Gas, didn't

you? Those are all socialistic moves, I guess. You are becoming quite a socialist, Darcy.

Mr. Makarchuk: Cassidy is having his influence.

Mr. Martel: Yes. I didn't see you stand in your place and oppose those and say they were socialistic moves, and that you didn't know anything about nationalization. You were investing money to guarantee. I am tired of the gobbledegook that I've heard in the last four days surrounding Inco, because no one wants to do a thing to help those employees.

We can do it in Minaki, we can do it in Syncrude, we can do it in Polar Gas; and I guess if one were to take the time we could dig out a number of other cases.

But this government is neither prepared to do anything for the workers at Sudbury nor is it prepared to take Inco aside and say, "Well look, dear old Inco, you've already extracted from the federal government \$380 million in deferred taxes"—I'm quoting my friend from Sudbury, Elmer Sopha, in his article in the *Globe and Mail* today. They got \$380 million in deferred taxes; an interest-free loan from the people of Canada. The morality of a snake that company doesn't even have.

Yet with that type of largess from the people of Canada, they simply say to 2,200 workers, "You are gone." Neither the government of Ontario nor the government of Canada has the backbone of a banana to stand up and say: "Look, you have gone too far this time. We don't care about soft markets, we don't care what the hell you are doing any more, you simply aren't doing it. You cannot put 6,000 people out of work in one shot with the types of profits you have made and with the type of largess you have received from both the government of Canada and the government of Ontario!" And let me tell you, you have been there too, Mr. Treasurer; you have been there too.

Inco's history in the Sudbury basin in dealing with the people of Sudbury, has been less than generous. There are 50 men either dying or dead of cancer. Six or seven men were killed this year, a dozen last year. This government has allowed Inco concession after concession to continue to dump the effluent into the environment. In fact I am told Inco is before George Kerr now trying to get a further rescinding of the order because it cannot meet the 1978 demands. And as you did in 1976, and in 1974 before that, you will acquiesce. You will give in or the company will move out. That has been the "big

stick" it has used for as many years as I have been here.

An hon. member: Blackmail.

Mr. Martel: "We will move out." Well what the hell has that company done; it and Falconbridge? And I might as well bring in National Steel, because there is in fact a third mine in the Sudbury area, a third multinational which laid off, for a month in August and two weeks in October, the whole labour force. It does not seem to me that rationalization has any meaning for these people. The workers are always vulnerable. The workers are always able to subsist. We heard in that junk in the House last Friday from the Liberals and from the Conservatives how tough we were in the north; how resilient we were and how we could come back.

The people of the north are tired of that crap, of "coming back" and "bouncing back" and "being tough". They have provided this province and these multinationals with a great deal of money and they don't deserve that type of treatment. This government has got to move; it cannot simply let 6,000 jobs go.

I suggest to the minister that he read the select committee report, because the select committee was very careful in what it said. It said, for example: "The Canadian economic policy should be reoriented"—reoriented—"in such a way that greater emphasis be given to the development of the manufacturing sector and that the non-renewable resource sector should be de-emphasized."

"The policy shift should involve not a discouragement of resource development, but an encouragement of manufacturing and processing in Canada."

The other one we made: "Canadian resource policies, particularly in respect to non-renewable natural resources, should promote foreign portfolios rather than direct investment in Canadian ventures."

And further along: "The government should be empowered to take up to 50 per cent of the equity in new ventures in the non-renewable natural resource sector."

The government has done nothing, has done nothing. Everything I have read and everything I have heard in the Legislature over the last four or five days is that neither this government nor the government in Ottawa is prepared to do a thing to "dear old Mother Inco." I called her "Mother Inco" the other night and one person got up and said that was terrible that I would call her "Mother Inco," because a mother would think more of her children than that.

[4:45]

We can be the whipping boys and we can hear all the pap about toughness and what not but we know that the people who are going to be thrown out of jobs are all men with two years and 200 days, or something like that. So that means the very heart of the community, the young people, are going to be forced to leave. That doesn't augur well with us, Mr. Treasurer, doesn't augur well with us at all.

The irony of it is that the labour council had in fact some two months ago organized a seminar for this past weekend that occurred simultaneously. On the panel I was on, Mr. Chairman, there were five of us. Four signed this document: Doug Frith, regional chairman; Brian Saville, president of Sudbury district Chamber of Commerce; Michael Atkins, publisher of Northern Life newspaper, Sudbury; and myself. As a result of the discussion with respect to northern development, they wanted the consensus that came out of this one panel discussion. The panel drew this together. I want you to know that we certainly aren't a group of raving socialists, outside of the present member, but here's what we recommended:

"(1) That the panel consider the imminent dismissal of nearly 3,000 workers in the Sudbury area an outrage in view of continuing investment in nickel supply in other countries of the world, and in particular with the clear involvement of senior levels of government in funding the foreign expansion.

"(2) That the boom/bust characteristic of the regional economy of Sudbury is a reflection of a national economy built on the questionable foundation of resource exploitation without due regard to the further processing and manufacturing of said resources.

"(3) That focusing attention only on relocating unemployed workers is to miss the point and to fail to learn the lesson, that relocating from Sudbury younger members of the work force is to rip the guts out of the community and its human potential.

"(4) That the failure to establish a heritage fund"—I called it the tomorrow fund when I moved the motion during the clause-by-clause study in the creation of the Ministry of Northern Affairs and it was rejected by the government. A heritage fund we called it; I called it a tomorrow fund—"a pool of capital derived from the riches of the raw resources in northern Ontario, is to be left defenceless in the face of depleting resources and increasing supplies in the other parts of the world. That the provincial gov-

ernment and all other interested parties grapple with the mechanics of establishing such an ongoing fund to be available to mining communities in northern Ontario to deal with just these problems.

"(5) That in the view of Canada's fantastic balance-of-trade deficits, and considering Canada as one of the largest mining countries in the world, that the senior governments begin planning immediately the development of mining equipment manufacturing industry in the Sudbury area, using private and/or public capital.

"(6) That Laurentian University be funded to do much of the research.

"(7) That in view of the somewhat grim prospects for the development and discovery of new mines in northern Ontario from the private sector, that the provincial government return to the call in its own budget for a Crown corporation, introduced more than two years ago, thrusting the province into the business of attempting to discover and develop new resource properties.

"(8) That on the local front business, labour and municipal government representatives overcome traditional political differences and concentrate on the real problems of employment and development in the basin."

Now that was a wide range of people representative from the chamber, the region, the provincial Legislature and the business community. I don't think it was a radical group and I think that's why some of those people, including Mr. Saville, wrote this particular document; because you really are bankrupt when it comes to development, and you're bankrupt in coming to understand or know what the problems are in northern Ontario.

It isn't just us so that you can stand there, as you usually do, and scream, "You just don't understand".

That's what you tell us. Well I'm sorry, it is you who does not understand. You don't understand the frustration over the long haul, nor do you understand the frustration and suffering that's going on in the Sudbury basin at the present time or you would talk about more than just a GO-train to run a few workers out of Sudbury. You'd be up there if you had the courage. You'd be up there to tell the people how we can overcome this adversity. You'd be moving to get a handle on the mining industry in a way which would be meaningful for Ontario.

I heard the Treasurer, as he made his list this morning of manufacturing that had to be protected. I was hoping he would say mining equipment, because we don't produce any at all. Surely if there's an area where we could develop the expertise and become

a producer on a world scale it would be in mining equipment, because we have every conceivable type of mining going in this province that could allow us to become a dominant force in that area.

Sure it would take some input. Sure it would take some work. But surely when we've got a million unemployed, the two senior levels of government simply can't wring their hands in despair and say something's got to happen. You can make it happen if you have the will. You had the will to bail out Minaki and you bailed it out. You spent between \$45,000 and \$90,000 per job. Surely you should be prepared to come in and help the Sudbury workers. I think the Globe and Mail said that my suggestion yesterday would cost \$216 million. So it costs \$216 million. What's it going to cost the province and the federal treasury come January 31 when all of these young people are unemployed? There will be unemployment payments for a short period of time, with possibly welfare down the road for some of those people who are in the smaller shops and the retail outlets.

What is the cost going to be? Are you doing the calculating as to the cost, in dollar terms, of the loss of those jobs to Sudbury, to the province, to Canada? And the suffering that's going to go on, we can't even start to calculate that.

I'm sorry, Mr. Treasurer. Maybe I'm being unfair. Maybe there is a greater concern than what the province has been willing to indicate to this time. But your public concern to this point has been simply nauseating. I can't put it any other way.

As a final comment before I give the minister an opportunity to respond. It's intriguing that your candidate, both federal and provincial, said that if Inco couldn't be brought to heel they should be nationalized. I think that was Jim Gordon, was it not? Yes, he's the mayor. He was the Conservative candidate in the city at one time, and in Algoma-Manitoulin he attempted to get the candidacy to run against Pearson. They parachuted Joel Aldridge in that time, yes.

There he was, on that platform. I guess he doesn't have any answers either, other than if you can't bring them to heel you've got to nationalize them. Even Jerome. The furthest he ever went—the Speaker—was to say their actions were unforgivable. Then he turned his attention to bringing in a data processing centre and the utilization of Burwash. He too, although his free enterprise friends had disillusioned him, wasn't prepared to deal with Inco. He was prepared to talk about other issues which will be beneficial after 1981, such as the data processing centre, which hopefully could be speeded up. But it will not mean a job to those men laid off

—there's not a job available in the construction field, they will all go to the people now in the construction industry. Yet that's what he wanted to talk about. To say he got soundly booed would be putting it mildly, I think they were prepared to lynch him.

You can't let it happen, Mr. Treasurer. The costs to Sudbury are too great; the costs in human terms, in dollar terms are too great. If somebody has got to pick up the marbles for a change, goddam it, let it be the shareholder. Let him suffer a little, instead of the kids and the wives of those miners. Let the shareholders suffer for a change.

Hon. Mr. McKeough: Mr. Chairman, just a couple of comments. To put this in some sort of perspective, I notice the hon. member for Windsor-Walkerville (Mr. B. Newman), who was in the room, has left, but he could tell you with greater certainty than I could the extent of some layoffs, for example, in the automotive industry. From time to time there have been layoffs in Oshawa, perhaps not as long as this one is forecast. But I know in my own community, which is much smaller than 1,000, International Harvester was down as recently as two years ago, as I recall, for 16 or 18 weeks, involving something over 1,000 people.

There's no indication I have seen that these layoffs are permanent. There is no indication I've seen that what we are looking at is something other than an adjustment in inventory levels which the company feels is necessary to stabilize prices. What they have indicated is that they are looking at this as perhaps something which may go on for some months. I have heard no indication that they expect this is going to be a permanent situation and that it will not ultimately, with better world market conditions, resolve itself.

I think one must bear in mind that three months ago, as I indicated last night, they thought metal markets were improving. They certainly couldn't foresee, or didn't foresee, or if they did they certainly didn't indicate to us, the extent of the weakness in nickel markets—and copper markets as well—which had brought about these layoffs.

I say this because, with great respect to the member, I think we are looking at something which hopefully is short-term and is not for ever. I could be very wrong in this. Perhaps the company is wrong, perhaps the member is right; I suppose time only will tell. But I've seen no indications that worldwide demand for nickel over a longer time-frame will mean that Sudbury will not have its place and that there will be a work force of relatively the same proportion and size.

The member made brief reference to

Guatemala and Indonesia. It's my understanding that neither of those mines are really in production yet, so I don't really think they are much of a factor.

I couldn't help but think of previous discussions on this matter, with those who would put fences around things and say reinvest here and there; I suppose one of the better things that's happened to Canada, or one thought so up until a week or so ago, was Thompson, Manitoba, which was financed by Inco. I guess if you follow the whole argument through to its logical conclusion, Inco should never have invested in Thompson and Thompson wouldn't have become a community which also now is in some trouble. But I'm not prepared, for one, to say that a company in this country should have walls put around it by regulation or legislation, if that was possible, or by tax policy, which prohibits them from exploration and development in other parts of Canada; and for that matter in other parts of the world.

[3:00]

Just a couple of other small points. The shareholder's dividend, of course, has been cut. The shareholder and the union pension funds which own some portion of Inco, are bearing part of this cost, I suppose, through a reduction in their dividends, which have been cut for at least one quarter and perhaps longer.

Another very small point: The point about mining machinery is interesting. One of the staff has reminded me that Texasgulf on several occasions have indicated to us that all or nearly all of the machinery which they have bought since they have started in 1968 has been Canadian-made. This is something which the committee and the government both can explore with Inco and with others, as to how Texasgulf has been able to use Canadian-made mining machinery and others have not. That is a good point.

I have to reject what is the member's ultimate solution, or the only solution which he advances. I think if he looks at what he has said, really the only thing he has said—and he came back to this on four or five occasions, quoting the select committee, quoting various speeches—is, as he has pointed out correctly, that nationalization is not government policy. People can sign reports, people can make speeches and so on, but the policy of the government of Ontario at this moment, to my knowledge, is not nationalization. Whether you are talking about 25 per cent ownership, 51 per cent ownership or 100 per cent ownership, I submit that it would not do one damn bit of good in this current circumstance.

What you are saying is that if governments can afford to stockpile where Inco cannot, then the government of Canada or the government of Ontario can put up a loan for stockpiling. But simply buying shares in the company, other than making some shareholders happy, I suppose, at the depressed price which they now have on their shares, in my view would not do one thing for the 2,600 people who have been laid off in Sudbury or their families or those affected by the ripple effect; nor would it do anything for the 600 people who will be laid off in Thompson, Manitoba.

Perhaps something escapes me. I suppose the theory is that nationalized companies can afford to go on losing moneys or maintaining uneconomic inventories where private sector companies cannot. If that is the member's reasoning, then obviously I reject it and would reject it philosophically on the basis that I cannot think of anything which would put us into more difficulty than to run around and make uneconomic decisions by buying companies simply to protect something for a period of time. In the case of international nickel markets, my reading of the situation is that stockpiling probably would ultimately depress prices even further. In any case, I really fail to see what is to be gained.

In fairness, the member is consistent. He believed in nationalization in 1970 and in 1973; it was his first reaction in the House on Wednesday last and he is sticking right with it. What the worth of it is, I am sorry to say, escapes me. But he has said that I am bankrupt of ideas and that my concern is nauseating, which are both his opinions and I have mine.

Mr. Martel: Let me pick up on some of the things that the minister has said. The minister started out by saying that there was a massive layoff in Windsor. When the Falconbridge announcement was made, I wrote immediately to the Minister of Natural Resources (Mr. F. S. Miller) and asked him if he would introduce legislation, because the pattern had been established in the auto industry of supplementary unemployment benefits.

Hon. Mr. McKeough: Negotiated.

Mr. Martel: It was negotiated there; that is right. I understand it, and I understand the federal government had to give approval. But it certainly ironed out to some degree the boom and bust that affected the auto industry 10 years ago as opposed to what we see now. I am still waiting for Miller's reply. If that is an indication of the concern

of the government of Ontario—that letter was written on September 7—

Hon. Mr. McKeough: There is nothing to prevent the Steelworkers and Inco negotiating a subsistence clause tomorrow.

Mr. Martel: Right. But if you want to stabilize the boom/bust mentality that prevails in the mining industry—and you know it as well as I do; it is ever-present. There isn't another industry that fluctuates to any greater degree—

Hon. Mr. McKeough: All I have to say is that I am amazed that the Steelworkers haven't negotiated that before.

Mr. Martel: I am saying that if we wanted to stabilize it, there is a way you'd rationalize production. The auto industry learned that it was to their disadvantage not to schedule in a more refined manner.

Hon. Mr. McKeough: I am not sure that is entirely correct. It would be difficult to prove this, but I am not sure that subpayments haven't put things the other way, and at some expense to the taxpayers as a whole who are paying into the unemployment insurance fund. However, that is something that is negotiated and is within the law of the land.

But there was a day when companies did, in fact, go on four-day weeks or reduced overtime. And now with the subsistence payments you quite often see more booms than complete shutdowns. So I am not sure whether the member is right or I am right in that respect, as to the effect of subsistence payments on the automotive and parts industry, which is the only place where it has achieved any great use. But it is certainly something which is open to negotiations by the Steelworkers or Mine Mill or anyone else. There is nothing preventing it, to my knowledge.

Mr. Martel: I understand the possibility of negotiating is there. But I am saying that we want to stabilize, to get rid of the boom/bust mentality which has prevailed in the mining industry. This is something that we see roughly every three years.

I am not sure that it is attached to contracts and contract negotiations. But on the scene comes a great surplus, just about one year before every contract negotiation. The year after the contract is signed you have overtime galore—until it is coming out of your ears—forcing people to work. Then the year before renegotiation of the contract, lo and behold, we have a surplus.

It is not new. It is there, regularly. But that type of mentality has to be broken. Communities can't work under that Damocles

sword all the time. I'm sorry, but northern municipalities face that continuously. The mining people tell us that it is due to world conditions, that it is cyclical, that we can expect it. I am saying that maybe instead of giving our shirt away—as we have been wont to do—we might, for a change, bring out the big stick. But that would be expecting too much.

Mr. Makarchuk: Not the wet noodle.

Mr. Martel: No.

Inventories? Well their inventories might be up; I didn't go out and produce it. It is interesting that when the Premier (Mr. Davis) was in Japan everyone was decrying the fact that Ontario workers couldn't produce at the same rate. Obviously, the workers in the Sudbury basin have produced too well; they have worked themselves out of a job; they have just dug themselves into a grave.

I suspect that the situation is much more desperate than the Treasurer says. I think we are not just talking of 15 or 16 weeks. I think the Inco statement, as I read it the other day, was very carefully worded, indicating there could be further problems in 1978.

Mr. Cassidy: That's right.

Mr. Martel: Certainly. Falconbridge indicates that by the end of 1978 it will have reduced its workforce by some 800. I think we are deluding ourselves if we think it is short term, I really think we are.

The Thompson stuff was merely a red herring. You can drag them across the stage if you want. I am concerned about people. I have never said a company shouldn't be able to invest dollars that it earns—anywhere. But they don't do it with our money; that is the difference. Surely, I don't suppose that as someone involved in the hardware business, the Treasurer would go out and give "Home Hardware" \$200,000 to open up a place. You wouldn't give the next door plumber \$2 million to open up next door to you. Yet you dragged the red herring in. Certainly, they are going to protect themselves in the business world. That is what these multinationals are all about. They don't know boundaries, nor do they know allegiance. It's interesting that as we served on the select committee, what we found out was that the multinationals don't even like to have a national in the home country. They want to have somebody other than a Canadian, even they can possibly manage it, except for a while during the pressure.

When we talked to the people like 3M, they put out copying equipment—Minnesota Mining—and IBM, they had a national from

Italy over in France and the national from France was heading up the company somewhere else. They don't want even the bosses to have allegiance to the host country.

To suggest that I was trying to imply that we would try to stop development by Inco in Guatemala—that came from the other side of the House. I just think it's unrealistic to tell the head man in New York that he's to shut down his operation or his expansion in Guatemala. That's totally ridiculous.

Surely we don't give the concessions that you give to Falconbridge or to Inco, to write off their processing abroad or their development abroad to the Canadian tax field. That's an invitation to destruction of our economy.

Nationalization—why? Because as I said, the select committee came to the conclusion that if you take over you have some influence in where the processing and manufacturing will occur. You can't make that determination, as the case is presently. When they decide to operate in Huntington, they move to Huntington. When they decide to take \$230 million and buy a battery-producing outfit in the United States, we couldn't say anything about it.

Hopefully, nationals or governments would look primarily to meet the needs of the people we're educating. That would be to determine to some degree where that processing and where that manufacturing related to that processing would occur.

That's why you've got to have government involvement. Going down the route you're going is a blind, total free-enterprise concept. You'll not change it.

It was interesting when we were in England, and I say this to the Treasurer, that the minister responsible for the oil development was a guy by the name of Chataway. I guess you've heard of him, the long-distance runner. He said: "We've retained for ourselves the best 50 per cent of the oil fields in the North Sea. We don't publicize that," he said. Back in 1972 or 1973 he told us that. "We've retained for ourselves," and he was a member of the Tory cabinet.

As I say, you decry these things and yet you watch Loughheed take over a transportation system. You can't have it both ways. You yourself pumped how much money into Minaki, \$8 million? About \$18 million all together. You don't even talk about things. You put \$100 million in Syncrude and you put \$10 million in Polar Gas. Is there anywhere else where you've invested the taxpayer's money? I don't object to it, because the country that probably stands the firmest today on the rate of inflation, with about two and a half to three per cent and low

unemployment, happens to be West Germany, I guess. Their government has invested in 650 different companies. Their money is pretty stable. Their employment picture is pretty stable. They don't control, but by law they have on the board of directors—

Hon. Mr. McKeough: Their employment picture isn't stable. Unemployment in West Germany has risen to close to five per cent, which is very high by their standards, and would be a lot worse but for the fact they've achieved that level by shipping about two million foreign workers home, which I don't particularly buy as the most—

Mr. Martel: How many unemployed have we got in Canada now?

Hon. Mr. McKeough: If you want to equate the two things, I'll tell you, if the foreign workers had been included, if they hadn't been shipped home, unemployment in Germany would be nearly as high as ours.

Mr. Martel: Which means the West German government looked after—

Hon. Mr. McKeough: I don't find that very pleasant, that you bring people in for two or three years on work permits and then ship them home because there are no jobs.

Mr. Martel: They came there on their own.

Hon. Mr. McKeough: That's basically how Germany has achieved such a low rate of unemployment.

Mr. Wildman: But you want to do it in northern Ontario.

Mr. Martel: At least they're going to protect their own people, you don't even think of your own people.

[3:15]

Hon. Mr. McKeough: You think about that one.

Mr. Martel: They came to West Germany on work permits knowing that the time limit was there.

Hon. Mr. McKeough: You think about the—

Mr. Martel: About the what?

Hon. Mr. McKeough: —the ethics of that whole operation.

Mr. Martel: What about the ethics of Inco's operation? Have you thought about that?

Hon. Mr. McKeough: No, what we were doing was we were comparing our unemployment levels with West Germany.

Mr. Martel: Right.

Hon. Mr. McKeough: And the West Germans, there is no question, have an awful lot going for them. They don't have work

stoppages, they have a highly disciplined work force, they have a much better—

Mr. Wildman: They have workers on the boards of directors.

Hon. Mr. McKeough: That is completely rejected in this country by organized labour. It is not something I would reject out of hand, but I've never seen anything turned down as quickly by anybody as that concept when it was discussed by organized labour in this country.

Mr. Martel: That is certainly one of the reasons for their stability, the fact that on the boards of directors are people—

Hon. Mr. McKeough: I wish you would encourage the Dennis McDermotts of this world, and the Lynn Williamses, to approach that subject with somewhat of an open mind, because they sure don't. I'm not sold on it, I've no determination at all, but I think one can learn something from the West German model; but I'll tell you, it has been rejected out of hand. That was in the paper as recently as this week.

Mr. Martel: Part of that, though, is as a result of the type of government you've had here.

Hon. Mr. McKeough: Oh, nonsense.

Mr. Martel: Oh, yes. It makes a big difference—it makes a hell of a big difference if the government—

Hon. Mr. McKeough: Organized labour in this country has felt it does better in an adversarial role, and it would say this, than it would if it was on boards of directors. It's their decision, but please don't preach the West German model at me when there is a very large missing ingredient; namely the rejection by organized labour in this country, and the United States for that matter, of a large part of the West German model.

Mr. Martel: I think it is because of the shafting they've taken from governments over the years too. You have demonstrated your capacity to sympathize with workers.

Be that as it may, what was the West German rate of inflation last year, two and one half or three per cent? It was very much lower than ours, but they are involved in attempting to create work and that is what I am trying to drive home to you. The only thing we've ever engaged in is, we'll bail out a bankrupt Minaki, we'll put our money in short-term three-month jobs which cost a fortune and don't give permanent employment, because we can never conceive—at least you can't—that maybe there is a place for government in investment which would

lead to (a) jobs and (b) a return on investment. Oh, you take your chances in the sector, of losing money, but you also take your chances at reducing the number of people who are unemployed or maybe the number of people who are on the welfare rolls by, in fact having some type of work available. Your free enterprise friends, whether you like it or not, in the last two or three years have failed miserably, because if it's so goldarn good what are we doing with a million people unemployed, and a fair number in Sudbury and a fair number in this province? What are you doing to overcome it, and what are your friends in the private sector doing to overcome it?

Hon. Mr. McKeough: If it's so darn good, why is there unemployment of two million people with the socialist government in the UK and something approaching two million in West Germany?

Mr. Martel: I think you wrecked it there after your 17 years in power in the UK.

Hon. Mr. McKeough: I see.

Mr. Martel: Everybody blames the socialist government—

Hon. Mr. McKeough: No, no, I'm not blaming anybody particularly. What I am saying to the hon. member is, that as much as he doesn't like to face it, the economy in most of the western world, with the possible exception of West Germany and Japan, is not in the best shape, and nowhere is it more clearly dramatized than in the demand for the principal product of the company we happen to be discussing, Inco. It is as simple as that. You can close your eyes all you want—

Mr. Martel: I'm not closing my eyes at all. I've been arguing this for 10 years—long before it hit the fan. We've been arguing for development other than exploitation in northern Ontario.

Hon. Mr. McKeough: You're quite right and I give you full marks for consistency; your views about Inco have not changed in the 10-year period—and they won't.

Mr. Martel: They won't.

Hon. Mr. McKeough: As a matter of fact, I suspect that if government owned them tomorrow your views wouldn't change. Nor would Elmer Sopha's, as a matter of fact.

Mr. Laughren: It would depend on the government.

Mr. Martel: Elmer Sopha never was one who advocated the takeover.

Hon. Mr. McKeough: Oh, no!

Mr. Martel: No.

Hon. Mr. McKeough: Elmer's column this

morning was word for word the things he said 10 years ago. It came on the scene like a great revelation that Elmer had witnessed the second coming this morning and decided to write a column. But it was exactly what he said 10 years ago.

Mr. Haggerty: In a three-and-a-half hour speech.

Hon. Mr. McKeough: At some point during which he would have pitched his tent.

Mr. Martel: On both sides of the fence.

Hon. Mr. McKeough: "And that's where I pitch my tent, Mr. Speaker."

Mr. Haggerty: But he did bring up quite a few good points—

Hon. Mr. McKeough: And he spoke beautifully.

Mr. Haggerty: —about the direction in which to be looking.

Mr. Martel: In terms of economic development what have you helped to develop in the north, beyond exploitation? Pure and simple, what beyond that? Do you think the chamber is a radical group?

Hon. Mr. McKeough: As in the case of a lot of other things, I wish the chamber had put forward some positive suggestions.

Mr. Martel: They did. You should have read the whole report. You will recall that you said you didn't read the whole report.

Hon. Mr. McKeough: It wasn't designed so that the whole report had to be read.

Mr. Martel: What was it designed to do?

Hon. Mr. McKeough: Obviously to turn me off after about the first three pages—

Mr. Martel: They did well; they had succeeded. You say they didn't make any positive suggestions, but I'll put their recommendations on the records—

Hon. Mr. McKeough: They got the kind of reply they were looking for, too.

Mr. Martel: No, they weren't looking for that kind of a reply. You're the antagonist in this.

Hon. Mr. McKeough: If they weren't looking for that kind of reply, then why did they write that kind of a report?

Mr. Martel: Because that's the reality which developed.

Hon. Mr. McKeough: Get off of it.

Mr. Martel: Let me tell you what they've suggested. Action programs—they list them; they've got 16 of them, by the way, if you had got to page 15. If we had been in the Legislature at that time, I imagine they would have heard you screaming from here, wouldn't they? Like last night.

Hon. Mr. McKeough: No. I was very calm.

Mr. Martel: That would be something new. Their suggestions include:

"2. Designate Sudbury as the Metroplex of the northeast to provide higher-order central place functions to the entire region;

"3. Designate North Bay, Sault Ste. Marie and Timmins as subregional centres to act as three corners of the Sudbury triangle;

"4. Develop a limited-access, four-lane highway between Sudbury and Toronto;

"5. Develop a high-speed rail link between Sudbury and Toronto;

"6. Consolidate provincial offices in structures within the metro centre of Sudbury. Speedily complete the provincial office tower in the civic regional complex of Sudbury;

"7. Provide adequate funding for the revitalization of downtowns in Sudbury, North Bay, Sault Ste. Marie and Timmins.

"8. Thoughtful analysis would argue that cold political calculus would dictate the location of the Ministry of Northern Affairs offices in Sudbury." I wouldn't, because it was a straight political decision to put them in Kenora. "We urge the province to reconsider its decision and locate the office in Sudbury;

"9. Design incentive packages to ensure the location of industries in the northeast;

"10. Identify industries which have comparative cost advantages in locating in the northeast;

"11. Reorder provincial policies to favour the northeast;

"12. Develop Laurentian University into a specialized centre for northern studies and expand it to become one of the pre-eminent institutions of higher education, offering bachelors', masters', doctorate and post-doctorate training in fields relating to northern problems;

"13. Create a strong graduate and post-graduate school at Laurentian University concentrating on mining and metallurgical engineering programs, including post-doctoral research.

"14. Establish a research institution at Laurentian University on tunnelling and earthmoving, whose focus would be on improved methods of carrying out the operation"—and there are a couple more. So they did go into the thought processes of trying to improve—

Hon. Mr. McKeough: I guess I didn't get that far.

Mr. Martel: You should have waited until you had read the entire report before you blew your stack. I just want to go back, before I surrender the floor, to ask why the

government would pump funds into Minaki and not into Sudbury.

Hon. Mr. McKeough: That was a recommendation of the Minister of Industry and Tourism (Mr. Bennett), and I think you had better ask him that question.

Mr. Martel: You can't get off the hook that easy. Yesterday he told me I should ask the Premier (Mr. Davis).

Hon. Mr. McKeough: There's no money in my estimates for Minaki.

Mr. Martel: No, I realize that, but I suspect the money comes from the consolidated revenue fund of which you're the master.

Hon. Mr. McKeough: No, I'm not.

Mr. Martel: Okay, the overseer.

Hon. Mr. McKeough: No, I'm not.

Mr. Martel: No? Who is?

Hon. Mr. McKeough: The Chairman of Management Board.

Mr. Peterson: It's all his fault.

Mr. Martel: You're going to blame poor Jim Auld.

Hon. Mr. McKeough: No.

Mr. Martel: The point is, you put \$8 million in Minaki and had scheduled another \$10 million. The fact is you put \$100 million in Syncrude and you put—

Hon. Mr. McKeough: You really should get off the Minaki kick, because you don't do your argument any great good. On the one hand—

Mr. Martel: It indicates that you are never right.

Hon. Mr. McKeough: —you are arguing that the government shouldn't make bum investments and then you are suggesting that we put \$200 million or \$1.25 million or whatever it is into Inco.

Mr. Martel: Be different.

Hon. Mr. McKeough: We are not really running around looking for places which may be in trouble to put money.

Mr. Martel: Why would you put \$8 million, though, into something that was obviously out of the way?

Hon. Mr. McKeough: That's a question which I could answer at another—

Mr. Martel: Yes, I know—pass the buck. You wouldn't put it in where it was a sound investment.

Hon. Mr. McKeough: I don't think that \$8 million or \$80 million or \$215 million, if that is your figure today, for 25 per cent ownership of Inco would do one bit of good.

Mr. Martel: It would do all kinds of good.

Hon. Mr. McKeough: That is your view; it's not mine.

Mr. Martel: You wouldn't send to Huntington any longer to make nickel plate.

Hon. Mr. McKeough: I'm not sure of that.

Mr. Martel: You might get a return on your investment because we are certainly not getting any taxes. Look at the Sudbury basin.

Hon. Mr. McKeough: I'm not sure that you would decide, as a government-owned enterprise, that you were going to close down Huntington.

Mr. Martel: No, but that's off somewhere else.

Hon. Mr. McKeough: I suppose for \$50 million or \$100 million you would write that off.

Mr. Martel: No, no. Huntington is not in Canada. Unless it's changed its boundaries.

Hon. Mr. McKeough: But if you were an owner you would be writing it off your balance sheet. You'd just take that loss, would you?

Mr. Martel: It's off there. They can process here.

Hon. Mr. McKeough: And you'd just write off the investment, saying that you had made a mistake.

Mr. Martel: The terms would be somewhat different, I suspect.

Hon. Mr. McKeough: It's interesting that you'd write off Huntington, but I am really—

Mr. Martel: What I am saying is—

Hon. Mr. McKeough: Perhaps I misunderstood your leader's comments on Friday and I certainly want to apologize because I was tarring you with the same anti-third-world brush as I was tarring the leader of the Liberal Party with. Your compassion for the third world today is certainly commendable.

Mr. Martel: Don't play games. Don't try to twist it around.

Hon. Mr. McKeough: I'm not. But I'm interested how—

Mr. Martel: Huntington is the third world?

Hon. Mr. McKeough: I am interested how you could close up Huntington but—

Mr. Martel: Is Huntington the third world?

Hon. Mr. McKeough: No. What I am saying is that I am interested that today you have indicated your support for investments in Guatemala and Indonesia but you would close up Huntington. It's very interesting.

Mr. Martel: I'm saying multinationals have a choice in where they make their investments. We can't determine that. Whether they want to make it in Indonesia, Timbuktu or anywhere else, they will make those invest-

ments. What I am saying is that by having a control, an interest, a say, in where processing and manufacturing will occur, you do have a better handle on what will occur in Canada.

Hon. Mr. McKeough: You will have to ask Inco why they located the plant in Huntington but my guess would be that it was the closest to a market.

Mr. Martel: Yes.

Hon. Mr. McKeough: I am sure that wouldn't worry you—you would put the plant in Sudbury. Fine and dandy. It would be uneconomic, as opposed to being in Huntington, and then you could do one of two things: You would ask the state-owned and nationalized ONR or the CNR, and there'd be some American railways, either to ship that material at freight rates less than cost so that it would be economic, or you'd absorb the loss. There is a thing called transportation economics. I assume, I don't know, that that is why Inco are doing what they are doing in Huntington.

Mr. Martel: And for what reason?

Mr. Cassidy: That's rubbish. Nickel will cost money to transport whether it's processed or not.

Mr. Martel: They were able to get a preferred rate to ship natural resources out in raw or semi-processed—

Hon. Mr. McKeough: A preferred rate from whom?

Mr. Martel: From CN.

Hon. Mr. McKeough: From a state-owned operation? It really must have a great influence.

Mr. Cassidy: Under the Liberals.

Mr. Martel: Yes.

Mr. Haggerty: I might say that Atlas Steels in Welland manufactures all the stainless steel plate in Canada—

Hon. Mr. McKeough: All of it?

Mr. Haggerty: —and I think it produces it in Quebec too. They have a plant there.
[3:30]

Hon. Mr. McKeough: I think that's the only place where they've got the quantity that the Canadian nickel goes to—

Mr. Martel: The point is that the government of Canada has given preferred rates for shipping raw materials out—

Hon. Mr. McKeough: Some of us would like to see this—

Mr. Martel: —and I believe it was the Ontario Economic Council's last report—didn't it say that freight rates were the biggest single contributor to our inability to manufacture in the north?

Hon. Mr. McKeough: I'm not a defender of the CNR or the CPR or the trucking companies or Air Canada or anybody else. But some day somebody is going to tell me how the CNR or the CPR basically go on losing money totally on rail operations—and yet they haven't got a customer anywhere who doesn't say that the freight rates are discriminatory against them. It's fascinating. We go to northern Ontario and we're told the reason we're not competitive with southern Ontario or western Canada is because of freight rates. You go to western Canada and they tell you that the Crowsnest Pass rates have to stay. We in eastern Canada will say they discriminate against us and out there they say they're being taken on freight rates. Someplace, somebody is getting one hell of a cheap freight rate. That is the conclusion I've come to.

Mr. Haggerty: It doesn't happen in the Niagara peninsula.

Hon. Mr. McKeough: No, it doesn't happen in the peninsula. That's right. But someplace somebody is getting a damn good freight rate. Someday we're going to find it out. I don't know where it is.

Just look at this in terms of the fact that there are farmers right across this country, and every local federation of agriculture or provincial federation of agriculture would have it as one of its number one tenets that freight rates in this country were discriminating against it and bonusing somebody else. But we've never found out, really.

I'm not defending the CNR. I'm not saying that—

Mr. Martel: I'm just asking, isn't it a fact that from Levis, Que., to, I believe, Armstrong, which is in the extreme north of Ontario, is the highest freight rate zone in all of Canada?

Hon. Mr. McKeough: I haven't any idea.

Mr. Martel: You can make light of it.

Hon. Mr. McKeough: I'm not making light of it. I'm simply pointing out—and I pointed it out to somebody earlier this week who was talking about freight rates. He was talking about freight rates from Ontario into Michigan. I asked him "Where are the freight rates that are cheap?" To my knowledge, I guess the CP makes a little bit of money on rail transportation—on freight—and the CN makes a bit more.

Then on top of everything else—it's a good thing O'Hearn isn't here—the most subsidized animal in the world is the Seaway. Yet the shipping companies all say the railways are ripping them off in some way or the other.

Then you go to eastern Canada. I think probably we do need a royal commission to look at freight rates in all of Canada, as opposed to western Canada. I don't know that we've ever asked for one for Ontario's interests.

You go to the Maritimes and they're frantic about the fact that the Seaway subsidizes Ontario industry. I suppose one of the fastest-growing industries in the country, although still relatively small, has been the container ports of Saint John and Halifax. Yet they would say freight rates have been the reason the Maritimes are still away back where they were at the time of Confederation.

I'm not an expert in this field and I know very little about it but I can only report to you what I read and what a great variety of people say to me. If you want me to address freight rates in northern Ontario specifically, what I found interesting was the report which was done by the Economic Council in conjunction with MAC in northwestern Ontario. I've forgotten who did what, but it decried the lack of competition in northern Ontario.

I put it on the record here that as I read the select committee's report—speaking of select committee reports as we have been—here is a report which, as I read it, comes down on the side of more regulation and probably less competition. Yet northern Ontario would say there is very little competition and more of it needs to be freed up. I don't know who signed that report, and I don't really want to run down the list of who signed it because no doubt some government members did too in a minority government. But I'll tell you that as a matter of philosophy; it's going to take a lot of convincing me—

Mr. Cassidy: They were coerced, is that right?

Hon. Mr. McKeough: —to say that the answer to our freight-rate problems, particularly in northern Ontario, is more regulation and, ipso facto, less competition.

Mr. Martel: I'm just saying that you mentioned you were prepared to do one thing, and that freight rates played a part in it. I'm saying that freight rates—

Hon. Mr. McKeough: Are a part of it. I agree.

Mr. Martel: —are playing a part of it because the cost of shipping any finished commodity to the north as opposed to bringing out unprocessed natural resources is vastly different. Over and above that, according to the people I know who work in the railroads, if you reach a certain volume, something is negotiated beyond that rate, as in the case of shipping oil north. Therefore, it always becomes easier to process somewhere other

than in the north because there's no equality in the rate charged in shipping out a finished, as opposed to an unfinished, product. That's one of the big deterrents for us.

Hon. Mr. McKeough: I don't make light of this in any sense of the word—and I don't want to leave that impression—but, in fairness, because Mr. Sterling, Mr. Samis and Mr. Cassidy are here, it is equally a problem in eastern Ontario. There are not many at the moment, but for every 10 people who walk—not into my office; I don't see that many of them—into Claude Bennett's office and say that they're thinking of investing in new plant and equipment in Ontario, the first thing we say to them is, "Have you looked at northern Ontario? Have you looked at eastern Ontario?"

If they haven't, they often will; and if they do, nine times out of 10 they come back and they talk about freight rates, although in eastern Ontario it is not as much freight-rate problems as distance from market. The horrible part about this is that it runs right into the problem of the preservation of agricultural land in southwestern Ontario, and for many industries—and industries totally—this area happens to be the best place to locate.

Mr. Martel: The best location, sure, in terms of geography.

Hon. Mr. McKeough: It is very frustrating.

Mr. Martel: In terms of geography, yes.

One final point. Somebody sent you a note saying that the machinery was Canadian-produced.

Hon. Mr. McKeough: Yes. At Texasgulf.

Mr. Martel: Is that machinery at Texasgulf Canadian-owned? I'm looking ahead. Is that yet another type of multinational producing in Canada, in which royalties for the research and development—if it's not Canadian-owned—would go somewhere else? Are we talking about Texasgulf buying from Atlas Copco Canada?

Hon. Mr. McKeough: Here's a list, and I see that some of these are not Canadian-owned. "Canadian producers of mining equipment and machinery: Jarvis Clark in North Bay produces scoop trams; Joy Manufacturing in Cambridge produces jigs; Canadian Ingersoll-Rand—that's American—in Sherbrooke, Quebec; Gardner-Denver in Toronto; General Electric in Peterborough—American-owned; and Westinghouse in Hamilton." But there's no question that the heavier stuff is coming from Sweden, and also from the UK.

Mr. Martel: Yes, that's the one point, Mr. Minister. I don't know how we do it—either through encouragement or—

Hon. Mr. McKeough: This is one of the things we'd put on a list of exclusions if there

were to be such a list, although I'm not sure whether they need protection or not. One of the places where some small Canadian companies have done very well is in the exploration side. A lot of that seismic equipment has achieved world-wide acceptance.

Mr. Martel: Yes.

Hon. Mr. McKeough: Whether they need protection or not, I have no idea, but they have done very well. I don't know what the tariff structures are at all.

Mr. Martel: When people ask what can we in Canada develop, it seems to me that that's got to be an area where we must ultimately move. I don't know how we do it, but—

Hon. Mr. McKeough: I would say, from my limited knowledge, that it is maybe even more pressing than the automotive business.

Mr. Martel: We could get the research, the development, the offshoot from that; because as you do research and development, you then start to get the patent rights, you start getting the royalties for the rights, you start as a result of improvement. We're not getting any of that through the large companies located in Canada but owned either by Sweden or Germany. We're not getting the benefits or even close to maximum benefits.

If there's an area where we could compete, where there is a whole market big enough to support this, surely it's mining machinery. We're the third largest producer of mineral wealth in the world, and if there's an area where we have a home market and where we could ultimately start to compete for a foreign market, it would be in mining equipment—through research and development and so on, all the things that go with it.

I can't understand why it hasn't developed in Canada to this point. We must encourage it, whether it be through companies alone or with government assistance; it must get started in order that we can pick up the benefits. It's a natural for Canada. I agree with some of the things you said this morning about tariffs. There are some fields we don't belong in because we can't compete. But, surely, that is a field that we can compete in if we start to develop, and we should be able to become a world leader.

Hon. Mr. McKeough: I don't know enough about this really to be saying anything—but I suspect this is an historical thing: that equipment probably now comes into Canada at a very low rate of duty, if anything, because they're not Canadian makers. This is the heavier stuff. And it is, therefore, a disincentive for anybody to get into the business.

Mr. Cassidy: Where have you been all these years in trying to encourage it?

Hon. Mr. McKeough: I don't have anything to do with tariffs directly.

Mr. Cassidy: Sure you do. You're responsible for fiscal policy in the province—

Hon. Mr. McKeough: That happens to be the government of Canada. I'm not prepared to deny it because I read your leader's speeches and I read the speeches of former leaders of the New Democratic Party. I'm not really prepared to take all the powers unto the province. You know, you really can't have it both ways.

If you believe in a strong Canada and a strong federal government, at some point you say there are some jobs which are theirs; there are other jobs which are provincial. Tariffs and tariff policy, that kind of thing, is basically the job of the government of Canada.

It may suit your political purposes here to talk about things which we should be doing in the tariff area, but if you check those out with Mr. Broadbent, I don't think he would entirely agree with you. He would say that it is a job for the Parliament and government of Canada.

Mr. Martel: Will you get back to the mining equipment?

Mr. Peterson: We shouldn't blame the federal government.

Hon. Mr. McKeough: I think that some of that is history. There's also one other area of tariffs which I didn't mention this morning, although I don't know that it is particularly germane to this. We talked about dumping. Very often, we have not been quick enough to move in Canada. The United States has been much quicker. There could be a flexibility which we've urged on our tariff policy in terms of countervail, in terms of moving on dumping.

The story about dumping that got the most attention and was really, I guess, one of the first great dumping cases that was won was well documented—for reasons I never understood—by Scott Young in *The Globe and Mail* about two years ago. Jean Piggot, who went through the whole thing, would say to this day that, in fairness, the credit for winning that belongs to Campbell's Soup, a wholly-owned American company operating in Canada, which came to her assistance at the dumping tribunal.

But I think that up until the last year or so, to anybody who said, "We may have a dumping; we should go to the tribunal and try to fight this through," the advice would be, "Forget it. It will take you three years and by then the ball game is over, anyway."

I don't think that has anything to do with mining machinery, but it's a point I meant to make this morning. Probably, it hasn't.

Mr. Chairman: I should remind the committee—and I'm not directing this to any particular member—that there was a loose agreement that we would try to complete this vote tonight. I don't think we're going to be able to do it, but at least that was what we were going to try to achieve; perhaps we could keep that in mind.

Mr. Cassidy: On a point of order, Mr. Chairman, since I did talk about this. Without committing ourselves to continuing this debate on Tuesday night, we would like to keep our options open, and, therefore, not bring this particular item to a vote at 4:30 this afternoon.

Mr. Chairman: I just mentioned that I don't think we're going to be able to do it in any event, even if we had the time.

[3:45]

Mr. Peterson: How many hours do we have left?

Mr. Chairman: After today, we have two and a half hours.

Mr. Peterson: That's all?

Mr. Chairman: Yes, and we have all the regional government matters, the economic council, the Confederation vote, the constitution, all of that stuff. We have to get it within two and a half hours.

Mr. Epp: Would it not be fair to complete this today so that we could get into some of these other things? We have got regional development strategy, and while we are on that, parkway belt, et cetera, and two and half hours to do it on Tuesday.

Mr. Chairman: Nineteen hours on two items and one hour on five.

An hon. member: Sounds very logical.

Mr. Chairman: I appreciate what the members are saying. The point is that the chairman is not the arbitrator of the time. That has to be worked out between the critics.

Mr. Cassidy: With respect, Mr. Chairman, if the Liberal Party doesn't think the questions about what is happening in north-eastern Ontario deserve discussion, then that is its position.

Mr. Chairman: Well, I don't think we should get into that.

Mr. Cassidy: You have to have a sense of priorities in these things, and that means that certain matters have got to be left, possibly until next year, and cannot be discussed now.

Mr. Epp: Mr. Chairman, may I respond to this now?

Mr. Chairman: Order. As I indicated, the chairman is not the arbitrator of the time.

That has to be worked out between the party critics. There was a suggestion that perhaps we could have passed this vote today. It certainly now appears we are not going to be able to. All I suggest to you is that the critics, after we adjourn today, should sit down and review the remaining time and set out in pretty clear terms what time allocations will be given to each vote. I will then try to enforce that, but it has to be done between the party critics.

Mr. Cassidy: I am quite prepared to talk privately with my counterpart from the Liberal Party, perhaps tomorrow, after we have had an opportunity to discuss this ourselves. We are not saying we definitely wish to carry this on on Tuesday. It is just that I don't feel we should cut it off completely at 4:30 p.m.

Mr. Peterson: If I may speak to that for just a moment, Mr. Chairman. In fairness, we are prepared to let you take a disproportionate share of time on this vote. We understand, particularly because of your specific members involved in the thing. We are quite willing to be fair, but as I know you understand, we have a lot of members who are particularly interested in regional government who will want to address that issue on Tuesday night. I think that in the interest of some kind of equity, we will withdraw basically on this particular matter now. Maybe if you guys can cover it in the next three-quarters of an hour, I think that would be a fairer thing, to work towards the conclusion of this vote tonight.

Mr. Chairman: I think there is a flexibility there that can be worked out.

Mr. Laughren: Mr. Chairman, I will try to be brief, as my colleague covered the whole question substantially. I am concerned about the Treasurer's approach, though, because I think he is writing the present problem off as being just part of the cycle.

Hon. Mr. McKeough: No. I have never used the word "cycle." It is Mr. Martel's word.

Mr. Laughren: You talk about it being a temporary layoff and we are not too sure of that. We are worried about that. You could say a temporary layoff is not part of a cycle, but it must come pretty close to it.

I was thinking about northern Ontario and its development earlier. There are three major projects, as I understand it, in the north. There is Kimberly-Clark, there is Elliot Lake and there is Texasgulf at Timmins. Those are basically, as I see it, the three big job-creating projects that are under way.

Hon. Mr. McKeough: Reed.

Mr. Laughren: Yes, Reed Paper is sometime at the end of this century But counter-

point to that there are a lot of small operations. I can think of a number: Sklar Furniture in Mattawa, which was a couple of hundred jobs shut down; there is the United Asbestos in Matchewan, almost 300 jobs; there was the Milroy Mines in Manitouwadge, that was almost 200 jobs; there was a little plant in New Liskeard, I think it was New Ontario Dynamics, that was almost 100 jobs; there was a small manufacturing company in Timmins, that was 50 or 60 jobs; National Steel at Capreol, a couple of hundred jobs; and Falconbridge and Inco. We are worried about that part of it.

Hon. Mr. McKeough: Pickle Lake.

Mr. Laughren: Pickle Lake, yes. And I am sure that there are many that I am not aware of.

I am worried about that because it is an indication that unless your ministry does some more sophisticated analyses of what is happening in northern Ontario, this will become a trend and not just an aberration or not just a blip on the scope.

Hon. Mr. McKeough: You can go through the same list or a similar-type list in southern Ontario.

Mr. Laughren: Yes, but it wouldn't be the same. It wouldn't mean the same to the communities.

Hon. Mr. McKeough: You would find it hard to convince them of that in Peterborough. You would have found it hard to convince them of that in London five years ago with Eaton's.

Mr. Laughren: But people can move more easily. The alternative sources of employment are not so far away. They are not one-industry communities.

Hon. Mr. McKeough: What I started to say was I don't think it is cyclical, particularly. I don't think it is part of a trend.

It is only six months ago that the late, departed member for Timmins was demanding very close to an emergency debate about the situation in one of his gold mines. There is a situation which has turned right around, which the Ontario government has had nothing to do with either negatively or positively, other than perhaps some handholding.

At the present price of gold, I doubt if there is a gold mine in Ontario today which isn't doing reasonably well.

I just draw to your attention that things do turn around. I would be relatively hopeful that red nickel would turn around. You are telling me you think that it is permanent. I respect your opinion.

Mr. Laughren: I am fearful, that is what I am saying.

Hon. Mr. McKeough: Well, so are we all.

Mr. Laughren: I don't pretend to have all the answers on that, but I am sure worried about it. What compounds my concern is the unemployment rate in northeastern Ontario being so high. That indicates a structural problem.

Hon. Mr. McKeough: Why is it so much higher in northeastern than it is in northwestern?

Mr. Laughren: Why is it? I don't know. I have my suspicion; namely that—

Hon. Mr. McKeough: There are twice as many people.

Mr. Laughren: Yes—northeastern Ontario is more resource-based than is northwestern Ontario. That could be one of the reasons.

Mr. Peterson: Minaki Lodge is in the west.

Mr. Laughren: That's right. All those companies are not resource-based either. Well, resource-based, but Sklar was making furniture and so forth. Anyway, there is the company that made the canoes and that sort of stuff as well. But I am worried about that. Then last night I mentioned it very briefly and we moved on to another vote. I wrote your comment down when you said you are not going out of your way to convince people to locate in areas that they regard as uneconomic. I think that is the wrong approach, too. It is sort of a laissez-faire approach to the development of Ontario. We know that is wrong.

Hon. Mr. McKeough: Okay, fair comment. If I can put it differently now, I will. I was as enthused as anybody in the heady days of the early seventies that we would be able to direct growth by providing infrastructure. The member from Sudbury was good enough to point out correctly the amount of infrastructure assistance which has been provided, not only in Sudbury, but in Thunder Bay and Dryden, through the whole regional priorities budget—and at Red Lake now, and the Kimberly-Clark municipalities. They were really quite heavy expenditures over and above what would normally be done.

We thought that by providing the infrastructure and assisting in providing some of the amenities, industry wouldn't flock in, but it would make it more attractive. I would have to say, obviously, in today's economic climate, five years later, and I am not sure this is going to change for five or 10 years, I think I was a little bit too optimistic five years ago, six or seven years ago.

I did not foresee, of course, what nobody has mentioned here in 17 hours, including myself. I don't think for 10 or 15 years the

world is going to recover completely from what OPEC did to the price of oil. There is no sense crying over that, but it is a factor that we simply can't ignore. One of the reasons, coming right back to nickel, that some of those companies are selling at below cost and are producing like hell is undoubtedly related to the fact that they have to earn the foreign exchange to pay for oil bills that they never knew were going to happen.

God knows, we as a country have made some adjustments from the five per cent growth rate down to a flat growth rate, and we have cushioned ourselves all over the place with oil subsidies. We are still not at world prices and we have made some pretty wrenching adjustments. But when you look at some of the third-world countries, and the adjustments they have had, the only thing they can do is to export whatever they can and the hell with whether it's making a profit or not. They have got to earn those foreign exchange dollars to pay for oil.

That oil money is not, in my view, out there working yet—and I am not an economist. Obviously if I have a dollar and I give it to Elie to spend, theoretically he's going to spend it, and although I am a dollar poorer and he is a dollar richer at least the dollar moves out and is being spent. There are pools of oil money which I think are not yet into—a lot of them of course have gone into armaments. Probably in a world sense, we are spending as much on weapons as we were at the height of the Vietnam war.

Mr. Laughren: That's usually good for the nickel industry.

Hon. Mr. McKeough: Should be, and steel. I don't know where all that money has gone. I haven't figured that out but there's no question—we don't do that much business with the third world but they get a certain amount of business with the United States, which has hurt the American economy, because they are not doing it. Therefore that hurts our economy, and the West German and the French and the Japanese economies. And it has come back better than perhaps anybody.

I am sorry to have interrupted your train of thought, but I wanted to defend my optimism which I think was shared, after about 30 years or 25 years of steady growth. There were a couple of minor recessions—1971 being one and nineteen-fifty-something being another one—but really they were just little dips and then suddenly onward and upward. I think all of us were pretty optimistic. Not optimistic—we were completely unrealistic. None of us foresaw what was going to hap-

pen in terms of the price of oil, gas, coal, everything else.

What I started to say is that if somebody walks in now and wants to invest in Ontario, I would see my job as saying, "Here's the application form. Sign up and tell me where you want to go." Five years ago we would have spent a lot of time convincing him of the merits of going to Sudbury. We will still do some of that, but we really want to get his signature on the dotted line today rather than pushing him off to somewhere where—I don't mean this disrespectfully to Sudbury—but he might go up there and say, "What the hell are they sending me here for?" and fly from Sudbury to Toronto and not get off the plane and go on back to New York City.

I don't think we can be as pushy in terms of regional development as we were beginning to think five years ago, and that's what I meant to say last night. There were some people in on Monday who were interested—or not interested. What they really wanted was our help in making a case to their American-owned parent that this was the right place to make one or two very large scale investments.

I didn't even talk northern Ontario although they had northern Ontario on their list. They had Sudbury on their list—to check it out. But I said: "Is there any point in talking about eastern Ontario?" and they said, "No, not really. We think we should be west of Metropolitan Toronto." I didn't spend a lot of time pursuing that.

[4:00]

They are honestly looking at Sudbury, not because we suggested it; that was the place they picked. My guess is the economics of what they're proposing to do will not fit in Sudbury, but they're having a stab at it and I thank them for it. I hope we can have a look at their figures when they're all through because we learned something on that as well.

Mr. Laughren: I don't agree with you but I guess you anticipated that. I want to blame you for something and then make some suggestions, once you're feeling guilty, as to what you can do in the time ahead.

Hon. Mr. McKeough: I never feel guilty.

An hon. member: That's the problem.

Mr. Laughren: No, that's true. I believe that. I think you're being honest.

I'll tell you why I think you're to blame for something. The arguments that have been put to you by us in the last week are not just a reaction to a crisis. It's partly ideological—the public ownership stuff—but you've always known that. We've never expected

you to do it. Right? We make the case because we believe in it. We believe in it very strongly.

Hon. Mr. McKeough: It came as quite a shock, though. We really believed what Stephen said just three months ago that his short list only included three factories.

Mr. Laughren: We hadn't started to lean on him.

Hon. Mr. McKeough: Obviously. He's losing his grip already.

Mr. Laughren: We have a democratic-making process in the New Democratic Party.

Hon. Mr. McKeough: I'm glad you've got a knock on—

Mr. Laughren: It was a temporary lapse of memory on his part.

Hon. Mr. McKeough: I'll admit it is a little difficult—

Mr. Laughren: If you can be honest I can be honest. What we're saying to you now is not different from what we said to you—as you referred to them—during the salad days.

Hon. Mr. McKeough: Yes, that's fair enough.

Mr. Laughren: We were saying those same things to you. I wasn't elected until 1971. My colleague was elected in 1967. I know we said those same things to you—and not just a public ownership argument either. We said to you, in those days, "You simply must process more of the resources. You simply must stop giving the exemptions." When we controlled 90 per cent of the western world's—I couldn't possibly use the term "free world"—supply of nickel in the Sudbury basin, then we did have market power. I'm sure you'd agree. In those days, people couldn't have laid upon us conditions for buying our product the way they can now. Those were the days. We missed an opportunity, just as you said about the oil, the petrochemical industry, plastics and so forth. That's gone by the board.

It could be that if we're in trouble with nickel, our leverage is gone. That's too bad because I really believe we could have done a lot more when we controlled so much of the market. But that's in the past. I think you have to answer to that. I don't think you will, but I think you should.

Hon. Mr. McKeough: Just let me interject this one thing while I think of it. In the list of things you read off—

Mr. Laughren: What list?

Hon. Mr. McKeough: I'm not being defensive about it—the list of companies, Sklar being one. It would be interesting to check

those off and see how many we have assisted. Sklar, for example, was very substantially assisted by us.

Mr. Laughren: I know that. The member for Parry Sound (Mr. Maeck) had a role in that too.

Hon. Mr. McKeough: Before him.

Mr. Laughren: Yes, but those are small operations which need assistance. That's a small business community. We encourage that.

Hon. Mr. McKeough: We've lost on some of them, there's no question.

Mr. Laughren: Okay, I'd rather see us lose on some than not try. But we're talking about the big operations now. We're talking about the non-renewable resource. That's what I'm really concentrating on here.

Hon. Mr. McKeough: But how did we lose our leverage in nickel?

Mr. Laughren: Because we don't control the market supply. We did at one time.

Hon. Mr. McKeough: I don't know how these percentages worked out. Would you have thought that Inco should have bumped up their production by three times?

Mr. Laughren: I'm not talking about production. I'm talking about processing.

Hon. Mr. McKeough: Do you think that Inco and Falconbridge should have gone out into the world and bought up every new mine as it was discovered to make sure we could produce nickel?

Mr. Laughren: No, I'm not saying that either. Why are you drawing these red herrings?

Hon. Mr. McKeough: What I'm trying to get at is: How did we lose our leverage?

Mr. Laughren: We lost our leverage because there was exploration going on around the world. We have no control over that.

Hon. Mr. McKeough: Right.

Mr. Laughren: That would have occurred anyway. The Indonesian mines would have come on stream, all of them. I have no question of that at all. There's no problem there. Those would have come on stream. But in the intervening 40 years, or whatever many years it is—

Hon. Mr. McKeough: Twenty.

Mr. Laughren: Oh, more than 20. There could have been a lot of processing; and you know that's creation of wealth.

Mr. S. Smith: And fabricating.

Mr. Laughren: Processing, fabricating, manufacturing—that's wealth creation. You are the hardest person I know on the matter

of wealth absorption through the social services and so forth. You are very difficult in that area; and you are always making the argument that you can't live beyond your means. But if we don't create the new wealth, how the hell can we distribute it—or even re-distribute it? It can't be done, I agree with you. I think that's a serious problem we've got—we are not creating the new wealth to provide for the services that people demand; and we demand a great deal. But have we, as a province, addressed ourselves to the whole question of creating wealth?

We emphasized a lot of the social services—it was very popular during the sixties and seventies. But now it's catching up with us, because we didn't ensure that we had an attendant growth in—I think the term that the economists use now is “co-terminus”—wealth to keep pace with this. That's true of the country as a whole, not just Ontario.

So I'm saying to you that Falconbridge—to give a specific example in Sudbury today—has been in the basement for 45 years. They do not have a refinery. They dig out the ore; they do the dirty work there—the smelting. And that's what you need the stack for. I don't believe that they should have had that exemption all these years.

Hon. Mr. McKeough: Who?

Mr. Laughren: Falconbridge. They don't do any refining; they ship it all to Norway for refining. Today, it is very difficult, Mr. Treasurer, to lay a processing line and a refining line on the companies when the control of the nickel supply is shared the way it is. You can say, “You are just going back into the past.” But damn it, I think you have to answer to that, to say why it was allowed to happen all those years ago.

Hon. Mr. McKeough: All right, let me accept what you are saying for the moment. The fact is that Inco are the people we are talking about.

Mr. Laughren: And Falconbridge.

Hon. Mr. McKeough: We're talking about them, too. But Inco does upgrade 90 per cent of what it brings out of the ground.

Mr. Laughren: Oh, yes.

Hon. Mr. McKeough: There's a little bit that goes to Wales, okay. But most of it is upgraded.

Mr. Laughren: Oh, yes. Much more than Falconbridge.

Hon. Mr. McKeough: Virtually all of it, and Falconbridge is the other way around.

Mr. Laughren: To a point. But not one single identifiable product—

Hon. Mr. McKeough: All right, but this comes back to the earlier discussion. Where would that nickel have gone? Obviously, we should have had 20 more Atlas Steels in this country. Atlas Steel looks after this country; perhaps it looks after half of this country; and the other 19 of them would have gone into the export business. Right?

Mr. Laughren: Right, sure.

Hon. Mr. McKeough: Because we need only Atlas Steel to look after us. I'm not sure that this is right, but fair enough.

Mr. Laughren: Sure, and we have a competitive steel industry.

Mr. Cassidy: The Swedes do that, why can't we?

Hon. Mr. McKeough: You want to know why? Because my guess would be that we would not get the access into the American markets—or world markets—because of tariff barriers.

Mr. Laughren: Today.

Hon. Mr. McKeough: And we wouldn't have 10 years ago.

Mr. Laughren: If we controlled the supply of nickel—we had no options.

Hon. Mr. McKeough: My comment is that in the Kennedy round 15 years ago we got off very easily. What I sometimes wonder is whether at that point when the world wanted our raw materials—and this is hindsight if ever there was hindsight—we wouldn't have been better off at that point to have hurt some Canadian industries. Don't ask me who. In other words, to have taken some deeper cuts and got some access for the Atlas Steels of this world in the United States or into the world.

I think that's really what you are saying, and I accept it. In the glow after the Kennedy round, we thought we had done very well as a country. I don't suppose we could have had it both ways. Most people thought that we got more than we gave. I wonder if in the Kennedy round we should have got a lot more and therefore, have had to give a lot more, and perhaps have got greater access—just using Inco as an example. That way it would have been profitable for either Inco or 19 others to set up 19 more Atlas Steels and ship finished goods into the United States.

But that would then have required tariff cuts by the States, and others, to let that finished product in; and we would have given up something in return. I don't know what we were asked to do.

Mr. Laughren: I could buy your argument except that there is a major flaw, in my opinion, and that's if you were not dealing with a strategic non-renewable resource. Then

I think your argument would have some validity.

Hon. Mr. McKeough: What you are saying then, is that 15 years ago we had 50 per cent of the world's nickel and the world really wanted it and we didn't bargain hard enough with it.

Mr. Laughren: Yes.

Hon. Mr. McKeough: Maybe.

Mr. Laughren: I'm not looking for self-justification here but we sure did make those arguments to you.

Hon. Mr. McKeough: Would you put uranium in the same category today?

Mr. Laughren: Yes, except that uranium makes me very nervous.

Hon. Mr. McKeough: That's why I asked the question, you see.

Mr. Laughren: Not in terms of finished products and so forth but that particular product—

Hon. Mr. McKeough: No. I know what you mean, but we still have some strategic things which we can export from this country.

Mr. Laughren: Yes, oil is one of them. You agreed yourself, oil is one of them; oil and gas and the petrochemical and the plastics industry. I agree with you. We should be getting more out of those.

Hon. Mr. McKeough: I am talking more about raw materials, of which uranium is one and natural gas is probably another, and it seems to me inevitable that we probably will export some natural gas over and above what we are doing, and that may be right to take that bubble out. I don't know. It may be right. Uranium may be right. I hope we are going to get something in return. That was your point about nickel 15 years ago.

Mr. Laughren: Yes, exactly.

Hon. Mr. McKeough: All right. In the next speech that I make on tariffs I will insert—because I firmly do believe this—that Canada has some pretty strong cards to play still, and should be using them.

Mr. Laughren: Just don't give me credit in your speech.

Hon. Mr. McKeough: Shall I footnote it?

Mr. Laughren: Yes, you can do that. The regional municipality of Sudbury today is not dwelling on the kind of things that we dwell on very much, the ideological arguments and so forth, or past recriminations or anything like that. It is being very positive and it's saying, "All right, where do we go from here?"

The people know there is a major impact on their economy and the chamber of com-

merce is very upset about it. Everybody is, as you can imagine. It's not news to you. They have estimated that there could be an out-migration of up to 26,000 people if this is not a temporary layoff. That's the outside figure, the bottom figure is about 20,000.

They figure that many people will out-migrate and that the biggest impact will come—this gives you some breathing room, Mr. Treasurer—the biggest impact will come, not in 1978, because there is a one-year period there where there is a lag, for a number of reasons, unemployment insurance benefits, businesses waiting to see what happens, that kind of thing. There is always a lag in these kind of things.

They are worried. They have no sophisticated analysis available to them about the economy. Never in the history of the industrialized world has a community collapsed because of a layoff of this size. They know that, but what they are worried about is they don't know how much bigger it is going to be. There is a sense in the community that maybe this isn't what you would call a temporary thing. Maybe it is the beginning of something much more serious. That's what's worrying them.

Anyway, what they are saying now to you, to you as a province—I am sure you will get this eventually but I just got this today from them—they have made a number of suggestions and I hope you will think about them and I hope you will have your people look at the feasibility of them. I don't see any in there that you couldn't cope with, given the seriousness of the problem in the Sudbury area, making certain assumptions: first, that the layoff is going to continue, which I hope it won't but if it does, secondly, that you regard it as a serious problem and approach it differently than the sense I get from you; not the words you say or not the words the Premier (Mr. Davis) says, and the media have been part of this too, the columnists, the editorials have been very fatalistic about it, saying, "Well what the hell can you do? The markets are soft," that kind of thing. I hope you don't take that kind of attitude.

Hon. Mr. McKeough: I will anticipate your question—

Mr. Laughren: No, it's not a question. I am going to put to you some suggestions.

Hon. Mr. McKeough: Let me anticipate your suggestions.

Mr. Laughren: All of them? I have 15 of them here. I want to give you some options.
[4:15]

Hon. Mr. McKeough: But even before

this, and in fairness, I guess, it was—the chairman or the mayor? The mayor, I guess—

Mr. Laughren: Tell us what he said and we'll tell you who said it.

Hon. Mr. McKeough: —four months ago, who, really in response to the kerfuffle with the chamber of commerce, talked to me—it has since gone to Northern Affairs which is where it should be—about some studies in Sudbury, on what is viable. There has to be some self-help in all of this, and I'm not shucking off our responsibilities when I say that.

But, Elie, the figures aren't as bad as you would indicate, because of the fact—and this is unfortunate, this isn't a good thing—there will not be a multiple of 1.4 as there would be here. It won't be job for job. It will be less than that because Sudbury imports—it's a horrible word, talking about the province—but it imports so much of what it gets.

Sure, for every 200 miners who leave there's going to be one fewer barber. But as the mayor pointed out originally, the bread all comes in from outside, so there's no baker who is going to be laid off ever in that process. There may be one down here, or there may be a truckdriver, wherever the bread comes from now, who is laid off, but that won't happen in Sudbury.

That is one of Sudbury's real problems. It has been for a long time. What he wanted was a study on import replacement.

Mr. Laughren: Yes.

Hon. Mr. McKeough: My understanding is that Northern Affairs are close to working on something in that area. If that was important before, it's obviously 10 times more important now.

Mr. Laughren: It will be the retail sector that will get really crunched.

Hon. Mr. McKeough: No.

Mr. Laughren: We'll see.

Hon. Mr. McKeough: Will get crunched?

Mr. Laughren: Yes, with that outward migration. That's who will get—

Hon. Mr. McKeough: Right, except that it won't be as much as it could be—

Mr. Laughren: No.

Hon. Mr. McKeough: —and I'm not being critical when I say this—because of the imports.

Mr. Laughren: I understand.

Hon. Mr. McKeough: Sure, it'll be the retail trade that's affected. No question.

Mr. Laughren: May I present to you—because we're running out of time and I want to give my colleague a few minutes too—

some suggestions? These come directly from the regional municipality of Sudbury. This is the kind of thing they're working on and they're very hopeful that they'll get your co-operation. I know that all of these wouldn't flow directly out of your ministry, directly out of your regional economic development strategy branch, but nevertheless I think you could have some influence on them.

First of all, it is suggested a more sophisticated kind of study be done than has been done in the past. You just mentioned one yourself—that kind of thing, to make the communities more self-sustaining in the north-east.

Hon. Mr. McKeough: Northwest too, by the way.

Mr. Laughren: Yes.

Hon. Mr. McKeough: Thunder Bay would be nearly as bad, I would think.

Mr. Laughren: Secondly, I don't want to get into the freight rates argument again, but just see if there's something there about freight rates that you could have some influence on. I know you don't set freight rates, but you could have an influence on them, I hope.

Third, the decentralization of government offices.

Next, that Sudbury should be designated—and this is your responsibility—as a north-eastern Ontario regional centre with the other communities in that area—the Sault, Timmins, North Bay—being sub-regional centres. That in itself, once that designation was made and different government departments understood what that meant in terms of development, would have an influence on the development of the community.

It is also suggested that there be a high-speed rail link—and this, I think, ties in with the rail problem—between Sudbury and Toronto. It should not be the way it is now; there needs to be tremendous work done on the roadbed. If you just try to string quarter-mile track on that existing roadbed, I don't want to be anywhere near when they're on those corners.

Highway transportation should be improved between here and there. There's been a little bit of improvement between here and south of Parry Sound, but not sufficient.

There's a provincial government office centre in the centre of Sudbury—it's right beside the new civic centre—and there was to be an office building attached to that. I think the piles are already there. You could call for tenders tomorrow on that and that would stimulate some growth and some

spending in the basin as well. It's not as though it wasn't on the books. I understand the restraint program, and the problems you face with that, but these are unusual circumstances.

The head offices of about three government departments should be located in Sudbury. An obvious example is Northern Affairs. I don't mean a regional office; I mean the head office not in Toronto. The three are Northern Affairs, Natural Resources and Industry and Tourism. It would be an interesting thought to have Industry and Tourism there. Maybe we would get some industry up there. They propose that there be more specific funding for development of the downtown area. There's not much there now.

On business locations, the thing you were talking about earlier, and which we've already debated, so I won't get into it with you now, is that they say there should be a filtering process by which business locations here could be talked to, or people seeking business locations here could be filtered up there whenever possible. They recommend that there be a list developed of appropriate industries for location in the basin and in northeastern Ontario and to go to them aggressively, and not just to wait for them to come to us. Go to them and say, "We think from our economic studies that there's an opportunity for you to develop in Sudbury."

My colleague from Sudbury East mentioned this proposal, that Laurentian University be developed as a centre for northern studies, northern research, engineering, metallurgical engineering and mining research and graduate programs. Beef that up. That's an under-utilized facility at Laurentian. There could be much more done there if you're serious about it. It could be a real research centre.

Since the federal government is locating an institute of occupational health somewhere in Canada, it will be asked to locate it in Sudbury. We've already made representations to them to locate it in Sudbury. The Premier, by the way, grossly offended me and my colleague and all other politicians in Ontario when he did the unforgivable. He broke an election promise. That gives all politicians a bad name. That bothers me. He promised an institute of occupational health would be established in the province. That was in September 1975, and we found out yesterday during the Labour estimates that now it's not going to happen. We are waiting for the federal government. Anyway, I don't want to be political.

They propose that there be a northern Ontario recreational complex developed in the Sudbury area. Finally, although they didn't put this on their list, it's on my list and I hope you'll think about it, that there be a TEIGA/DREE agreement in that part of the province. I mentioned this to you during the question period last week. I see no reason you couldn't negotiate with the federal government. I know you have to have their co-operation to establish a TEIGA/DREE agreement to cover that part of the province.

If there are any of those that the minister can indicate compliance with today, it would be most appreciated.

Hon. Mr. McKeough: Most of them don't fall in my category.

Mr. Laughren: No. I understand that, but you could have some influence, I'm sure.

Hon. Mr. McKeough: Is that coming forward from the region?

Mr. Laughren: I think it is. I talked to them earlier today and they said they were working on getting it together in a better kind of form to present to you. They asked if I was going to be chatting with you today and I said yes.

Mr. Chairman: We're approaching 4:30 and perhaps we should call it off at this point.

Mr. Cassidy: I've got a few words to say, Mr. Chairman. There's some hope that we may be able to conclude today.

Mr. Chairman: Mr. McGuigan is also on the list. Can you conclude in a few moments?

Mr. Cassidy: Mr. Peterson seemed to indicate that he was prepared to choke things off. Maybe Mr. McGuigan has only a couple of minutes that could be kept open until Monday for that purpose.

Mr. McGuigan: Just a minute or two.

Mr. Chairman: There is just a minute or two on Mr. McGuigan's part, so perhaps we can complete it then.

Mr. Cassidy: I'm sorry, but I think I'm next on the list, Mr. Chairman.

Mr. Chairman: Yes, you are

Mr. Cassidy: Mr. Chairman, I want to say a few words which relate back to the New Democratic Party's proposals that there be a major public involvement in Inco. I want to say it in terms that make a lot of sense. I want to show to the committee and to the Treasurer that the kind of ideological positions that he has taken don't make sense when it comes to that particular question.

It's interesting to note that the northeastern strategy is bankrupt, according to the Sudbury Chamber of Commerce, and the efforts to achieve a strategy by the ministry have

been even more bankrupt. You have made no efforts at all to achieve the goals that exist in that northeastern strategy. It's interesting that with respect to the goal of reducing disparities among the various regions of Ontario, which is part of the Design for the Development process, the minister now says it cannot be achieved because of his unwillingness to get involved directly in where industry is going to go. I'd like to suggest that the investments this government has been prepared to make in southern Ontario would be sufficient to give Ontario a very major stake in where Inco diversifies and how it controls its future activity, and that investment may well be worth looking at.

Inco has \$30 billion worth of nickel, publicly-owned nickel to which Inco has the exploration rights under our law. We alienated that a long time ago and the only way we're going to get it back is if there is public involvement in that company.

It has \$5 billion worth of copper. Every year it takes out 20 million tons of ore, but it discovers that much again, so in fact there may be \$60 billion, \$90 billion or \$150 billion worth of nickel and copper in the Sudbury basin, because it is simply finding it at the same rate that it develops it.

Inco has major subsidiaries in high technology areas of metal fabricating, such as Huntington Metals, Wiggin and Doncaster. It has a major multinational in the ESB battery firm, with 98 companies in 17 countries, of which only 11 of those plants are in Canada. It is now involved in Indonesia and Guatemala and is getting involved in a major way in the seabed technology for mining nickel.

The company is also under bad times right now, because of various factors that we have talked about, and the price of its shares has come down to a level which is equal to the asset value.

I'd like to point out that when the Treasurer has used his ideological arguments, he has tried to make people across the province believe that for Ontario to have an involvement in Inco is something which is completely beyond our means. The fact is that it is not.

There are 75 million shares, common shares, A and B, in International Nickel. They currently trade at \$18.50 a share. If there was to be any kind of a takeover or a bid for some of those shares by Ontario, or by Ontario in conjunction with the Canada Development Corporation, the price per share would be of the order of, let's say, \$20 a share. It might be a bit more, it might be a bit less, but in that range.

There are 84,000 shareholders in Inco. It's widely held and, therefore, a share of 10 to 20 per cent of the total equity of Inco would

be sufficient to have a controlling interest or a very major influence.

Twenty per cent of that equity would cost \$300 million at the current price of, say, a bid of \$20 a share. Three hundred million dollars happens to be what the Ontario government was prepared to spend on buying land at Pickering, Townsend, Cayuga and Edwardsburgh, so these sums are not beyond the reach of the Ontario government.

It has been prepared to spend that on land acquisitions in the south, and I think my friend from Nickel Belt and my other friends within the party would certainly argue that if it's prepared to spend that kind of money on the development of southern Ontario, it should be prepared to spend that kind of money on development in northern Ontario, particularly since the involvement in Inco lends returns, both financial and also in terms of diversification, industrial development, and a better planning of nickel exploitation in the north, whereas the Pickering landholding at this point is yielding very small returns in terms of rent.

Six and a half per cent of Inco could well be a controlling interest. That is equivalent to what this government was prepared to put into the Syncrude project out in Alberta. The government was prepared to put that money out in Alberta and was not prepared even to consider that for this province.

It's interesting in the discussions that Texasgulf within 10 years has built a refinery in Timmins, is expanding that refinery now, is buying, according to the Treasurer, almost exclusively Canadian-built machinery; whereas Inco, which is privately owned, is buying its heavy machinery from abroad.

I never heard Darcy McKeough challenge the Canada Development Corporation when, on behalf of the people of Canada, it bought a 30 per cent share in Texasgulf. I didn't hear him put his ideological kind of construct on that particular deal, and yet it seems clear that Texasgulf is acting more in the interests of people in Canada within 10 years than either Inco or Falconbridge in the 40 to 60 years that they have been operating in this country.

[4:30]

I just want to put to you, Mr. Chairman—the time is short—the position that if there's \$35 billion or maybe \$100 billion worth of public resources up in Sudbury which are going to be exploited by Inco, if there is the development of Inco as a multinational, which we can see, but if our stake in nickel production world-wide is slipping, it may be that now is the time for the public to be involved in a direct way in order to ensure

that we benefit as Canadians; that we have access to the high technology which is developed both in fabricating and in new products in things like the Concorde and seabed equipment being developed by Daniel Doncaster—all those other things that are part of the Inco empire. That kind of funding is not beyond the reach of this province.

It is not unrealistic for the New Democratic Party to say that an option which we should pursue would be a major public stake in that company, and it can be done without having to use the technique of a complete takeover of the company. The Treasurer says: "What would that do for the workers right now?" The fact is that the purchase of that amount of stock would take a certain amount of time. For the workers it wouldn't mean a bit of difference tomorrow, and stockpiling and the other techniques have got to be used in order to help the workers right now.

But to ensure that in 1983 or in 1987 we don't get another similar kind of layoff like this, it would make a hell of a difference. In order to ensure that the goals of diversification of the northern Ontario economy are actually achieved, it would make a hell of a difference. In order to ensure that there's a further exploration of northern Ontario's resources, it would make a hell of a difference. In order to ensure that there's real Canadian involvement in the new technologies and in the international development in which Inco is now involved, it would make a hell of a difference. We're not going to get that now, and it's going to happen in other countries, if we continue simply to treat Inco in the free-enterprise manner that the Treasurer has mapped out for himself and for his party.

Hon. Mr. McKeough: I have two very brief comments so that the record is complete. We are not contemplating the purchase of shares of Inco and, secondly, for the record, I am not a fan of CDC.

Mr. Chairman: I'd like very much to carry this vote. Can you clean up in two minutes, Mr. McGuigan?

Mr. McGuigan: Yes.

Mr. Chairman: We'll take it off Tuesday night.

Mr. McGuigan: I'm going to have to ask your indulgence because actually I want to refer to an item in the last vote of the Treasurer's estimates. I'm sure he would want me to correct him in this item. He referred to the Apple Commission and suggested they weren't doing all they should be doing. As he lives in the midst of fruit orchards, I'm sure that he would like to be—

Mr. Peterson: Which riding does he live in?

Mr. McGuigan: I have to confess he's my most eminent constituent.

Mr. Epp: Did he vote for you, Jim?

Hon. Mr. McKeough: We have a secret ballot in our part of the world.

Mr. McGuigan: I can only guess at that one.

I would just like to point out that the apple growers had a vote last summer and they chose to allocate \$15 per acre to go into an advertising campaign. If you look around this city, you'll see billboards showing McIntosh apples in various stages of consumption from one bite down to Tom Sawyer's core, I guess. They are doing a very creditable job, and I'm sure you'd like me to point that out.

Hon. Mr. McKeough: I agree.

Mr. Peterson: You sure didn't agree the other night on that. You told them to get off their ass and do something about it.

Hon. Mr. McKeough: No, I said the processors—and maybe we as governments too.

Mr. Peterson: You're getting battered down at the end of the day.

Hon. Mr. McKeough: No, my point is that we can't sit back and expect the Canadian consumer, for whom I have a great respect, to make sensible decisions without a little bit of prodding from all of us, including the Apple Producers' Marketing Board, the processors and probably government as well. But I don't think we have to accept the negative effects of devaluation as being just inflationary.

Mr. Peterson: Except for Taiwanese T-shirts.

Hon. Mr. McKeough: The proof of that pudding is—and I meant to make a note to get these figures, but this has been proven time and time again on the price of eggs in particular—when the price goes up, the consumer is price-resistant. I don't think it just automatically follows that we're all going to eat more highly-priced oranges or grapefruit this winter or for the next two or three winters. The consumer will sort some of this out but we can give him or her some help.

Mr. McGuigan: One hopes there is some help coming in the tariff report that has been made to the federal government.

Hon. Mr. McKeough: Yes.

Mr. McGuigan: I'd just like to say to our friends from Sudbury that as bad a situation as it is—and certainly the people from the southwest can sympathize—when you look at what happened to agricultural commodity markets this summer, there are going to be young farmers who, I admit, will take longer to go broke than the worker in Sudbury, but

when the farmer finally goes broke he is going to be in the same social trauma that anyone in Sudbury is because of falling commodity markets.

I would like to point out that these people are really not screaming; they are accepting the various government programs that are available from the federal government and from the provincial government—

Mr. Laughren: Sudbury workers don't have any of those programs, that is the problem.

Mr. McGuigan: Oh, yes they do and they have rejected—

Mr. Laughren: Name one.

Mr. McGuigan: Unemployment insurance and the offers that were made by the government to pay—

Mr. Laughren: I know what you are talking about—the shared poverty offer. Yes, I know that one.

Mr. McGuigan: Farmers are accepting what you might want to call shared poverty—

Mr. Laughren: Well, maybe the workers have a—

Mr. McGuigan: —but nevertheless they are—

Mr. Ashe: He only believes in the "brother" concept when it doesn't hit him.

Mr. McGuigan: —they are trying to deal with the situation. I just want to say to you that there are other people who are also in serious circumstances. We are not unsympathetic to the problem that you have.

I want to point out that billions of dollars have been spent over the years in stockpiling—you have to go to agriculture as the number one commodity—and it has been rejected as the answer. No matter how you try, you cannot isolate stockpiles from the market. You can pass all sorts of laws saying that they are "mothballed"—

Mr. Laughren: Your government did it with uranium, it does it with wheat.

Mr. McGuigan: —but it doesn't work.

Mr. Laughren: It worked with uranium, it works with wheat, what are you talking about?

Mr. McGuigan: The buyer knows that that commodity is in existence—

Mr. Laughren: Yes.

Mr. McGuigan: —and takes that into consideration in his policies.

Hon. Mr. McKeough: It depresses the price.

Mr. Laughren: Are you suggesting we should not have stockpiled uranium or we should not stockpile wheat?

Mr. McGuigan: No, I am not—

Mr. Chairman: Order, please. Would the member for Kent-Elgin address his remarks through the Chair.

Mr. McGuigan: All right. I am suggesting that you can only stockpile a certain amount before it becomes a great overburden on the market and simply ends up in defeating you.

The Americans have found that out. Since 1933 they have had policies to try to reduce the amount of stockpiles. It is rather interesting to note that in the USSR, since 1917 they have had policies to encourage production. Neither one of these policies has been particularly successful. The American farmer has produced in spite of efforts to try to hold him down and the USSR has failed to produce in spite of efforts to try to bring up productivity. Neither one of those has been totally successful.

It is interesting to note that both the American farmer and the Canadian farmer reject stockpiling as a long-term solution to their problem. It only exacerbates the problem and hurts them ultimately. I would just like to point that out.

Item 1 agreed to.

On item 2, Ontario Economic Council:

Mr. Peterson: Mr. Chairman, can we leave that item open? We did not get to that. We may have time for it on Tuesday night. Why don't we just leave that over and clean up what we don't—

Mr. Chairman: Is it agreeable to the members to leave it open?

Mr. Cassidy: The regional development part of that item, that is agreeable.

Mr. Chairman: All right. When we come back on Tuesday next at 8 p.m. we will be dealing with the Ontario Economic Council.

Mr. Peterson: We have items 3, 4, 5 and 6 to clean up on Tuesday night, is that right?

Mr. Cassidy: Mr. Chairman, I have an apology to make. I am afraid I did not get back to our people to find out about Monday night. Can I do that now? A notice can be put on the order paper for tomorrow.

Mr. Chairman: I think we can do it on that basis. Perhaps the simplest thing would be not to sit on Monday night, or if we find out in the meantime that it is convenient for everyone concerned, it can be at the call of the chairman, if that is satisfactory.

Mr. Cassidy: Do we know whether the ministry is prepared to come forward on that night?

Mr. Chairman: Yes, I believe the ministry is prepared to come forward but there is some question with respect to the critics.

The committee adjourned at 4:40 p.m.

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Ministry of Treasury, Economics and Intergovernmental Affairs official taking part:
 Allan, D. M., Executive Director, Fiscal Policy Division



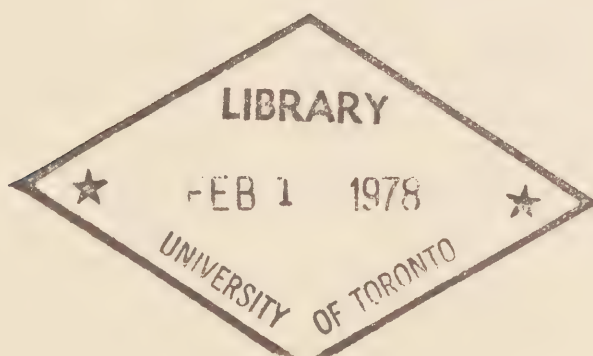
No. G-8

Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Government Services



First Session, 31st Parliament

Monday, October 31, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

MONDAY, OCTOBER 31, 1977

The committee met at 8:03 p.m.

ESTIMATES, MINISTRY OF GOVERNMENT SERVICES

Mr. Chairman: I will call the meeting to order. Mr. Minister, do you wish to make a few comments?

Hon. Mr. McCague: First of all, Mr. Chairman, I would like to introduce the members of my staff who are with us tonight. On my left is Mr. John Thatcher, Deputy Minister; and next to him is Mr. Silver, Executive Director of Administration. Also with us are Gene Strauss, Assistant Deputy Minister of Supply and Services; Mr. Pencak, Director, Program Management; Mr. Gray, Director of Realty Services; Mr. Filby, Director of Management Planning; Mr. Belanger, Executive Director, Computer Services; George Mann, Director of Property Management.

Mr. Chairman: Thank you, Mr. Minister. Do you have an opening statement?

Hon. Mr. McCague: Yes, just a short statement.

Before proceeding with the discussion on the various votes and items, I would like to make a few brief opening remarks concerning the estimates of my ministry.

The Ministry of Government Services, which was established in 1972, operates in a business mode, providing accommodation facilities and a complete range of goods and services in support of programs carried out by the various ministries and agencies of the Ontario government. The activities of the ministry are grouped into three major programs of service: Accommodation, supply and services, and management and information.

The accommodation program staff has responsibility for the provision and maintenance of accommodation for ministries and agencies of the government; the supply and services program involves the provision of a wide variety of centralized services and facilities to achieve efficiency and economy in the supply of purchased goods and services, as well as certain commonly-used government support services; the management and information services program staff is responsible for the provision of information system design, as well as computer programming and processing services.

The Ministry of Government Services provides many of its services to ministries and agencies on a charge-back basis and therefore in a competitive mode. For example, systems design and computer services are totally on a charge-back basis. Other services, such as printing, supply, vehicle repair, mail, et cetera, are also on a charge-back basis for services rendered. In my ministry the performance of these various activities is measured and reported on a monthly basis through an ongoing system of management by results. The report recently tabled on the design and construction program for 1977-78, as well as the accommodation tables contained in the ministry's annual report for 1976-77, provide detailed information on the achievements of the accommodation program.

I would also say that my ministry is very mindful of the necessity to ensure fair competition and economy in the award of government contracts. This is accomplished through publicly-advertised tenders and the award of contracts on the basis of the lowest acceptable and responsible tender. Complete information on tenders and contract awards is published each year in the ministry's annual report.

I will conclude by saying that the 1977-78 estimates of the Ministry of Government Services are within the target established by the government and in accordance with the government program of expenditure restraint. I will be pleased to answer questions concerning the estimates of my ministry.

Mr. Chairman: Thank you, Mr. Minister. The hon. member for Essex North.

Mr. Ruston: I would first like to congratulate the minister on his appointment. I have realized since he was elected in 1975 it would not be too long before he was appointed to a position in government.

The changes have been quite frequent in this ministry; I don't know if it is a training platform for new ministers. I would hope that being a relatively new member and a new face in this office he would be willing to look at some new ideas. Any government that is in office for many years reacts instead of acting to solve problems, and this applies to all governments. I suppose some day we may be the same as in the United States where the President can only hold office for eight

years; I don't know if that will come about in other democratic countries but it's something that apparently some people are worried about.

Mr. Nixon: It wouldn't be a bad private member's bill.

Mr. Ruston: It wouldn't be at that. Anyway, I want to say that I wish the minister well in his new position. I am looking forward to getting into detail in some of the things, but I have a few opening remarks, Mr. Chairman, as much as they are very brief.

I would like to place some emphasis in the discussion this year on the overlap of responsibility that exists between the Ministry of Government Services and other ministries with respect to the ownership and care of government-owned or leased buildings. I feel this is of vital importance since we have seen numerous reports in the past few years dealing with the conditions of certain government buildings, such as court houses, hospitals, group homes and schools, and I feel that perhaps where more than one ministry is involved there might be confusion as to where the ultimate responsibility for such things as maintenance rests.

This is of particular importance where safety is involved. I would just briefly cite as an example here comments of the public institutions inspection panel which reported earlier this year on the Arrell group home and noted the barren bedrooms, worn furniture, deteriorating bathrooms and the general untidy, unkempt appearance of the building, including paint peeling off in several areas. The panel noted that these conditions had not changed from a previous visit.

The panel, however, was confused over the running of the institution since the Ministry of Government Services had been approached about the needed renovations, but the care of the home was to shift during the summer from the Ministry of the Attorney General to the Ministry of Community and Social Services.

In another report of the public institutions inspection panel in Durham region, it was found that the wood construction of two schools posed serious fire hazards. The Durham regional court house came in for criticism once again, as had been the case in several previous reports.

In particular, the holding cell area was considered to be totally inadequate, with no ventilation or lavatories. This cell area and an unfinished courtroom are apparently the responsibility of the provincial government,

which leases this area of the building from the region of Durham.

In the Whitby psychiatric hospital it was noted that while the shower stalls were in the process of being renovated, in the meantime the overhead piping presented opportunities for suicides and therefore the renovating work should be completed as quickly as possible.

I mention these examples because I feel that a clear area of responsibility for maintenance of government-owned or leased buildings would help to expedite operations on such facilities and I think the importance of clarifying the responsibility has been compounded with such incidents as the Stratford Jail fire.

I intend to inquire into the role of the professional staff employed by your ministry, which can range in number anywhere from 67 to 110, that is full-time, depending on your definition of a professional.

I would like to discuss the findings of the Keith Martin report wherein it is claimed that the government could save \$6.5 million a year just by centralizing its mailing systems and its production of printing, radio and television tapes. I will be asking the minister for his comments on this.

I would also like to discuss the case of the standardization of government reports and publications, something which was called for first by the committee on rules and procedures back in 1969. It was once again called for by the royal commission on the Legislature in 1975; and finally by the select committee on the fourth and fifth reports of the commission on the Legislature in its second interim report in 1976. I feel it would be most appropriate to have a discussion on these recommendations now, only eight years after the first recommendation was made.

[8:15]

Also, Mr. Chairman, I will be discussing in some detail the expenses for protocol services, the hospitality fund. I think, Mr. Minister, that since you are relatively new in government maybe this would be a time for someone to kind of get-well I guess the axe you might say, and start looking over the hospitality fund. I suppose it's like a bad weed, it grows each year, generally. I feel protocol services this year have gone up considerably from last year and the previous year.

These are some of the areas I think we as people in government should be looking at to determine whether we should be spending money on these types of things when at the

same time the Treasurer (Mr. McKeough) is going around making people cut back. Hospitals are having problems even staying on their budgets; so I think that this is the time we should be looking at government service as a whole, and particularly this ministry.

Mr. Charlton: I'd also like to start my remarks, Mr. Chairman, by congratulating the new minister, welcoming him to his new job and wishing him every success in that job. It requires a great deal of effort on the part of a minister to keep on top of all that's happening in his ministry, and at the same time keep up with his legislative and constituent responsibilities.

I, too, am new to my role in the House, and to the task of Government Services critic. Over the course of these estimates, I will probably have a number of questions about the specifics of the operations of the ministry; however, as former civil servant in Ontario—I worked in the civil service for eight years—I think I have a fairly good overview of how the government operates and the relationships between this ministry and the other ministries.

Some of my experiences while working in the service raised some very serious questions for me about this ministry and its relationship with other ministries of this government. Some of the problems that I see relate directly to this ministry and others relate more to the rest of the ministries for which this ministry is making purchases and providing services and goods.

I would like to refer to a quote from the previous minister, which I think has been borne out by the present minister's opening statement. "The Ministry of Government Services was established in 1972 as a part of a reorganization and ongoing program to make the Ontario government more efficient and more productive." This is an admirable goal, one that none of us here could object to. It is, however, a goal much more easily proposed than accomplished. Ministries, departments of ministries and divisions of ministries have developed a number of practices over the years which make efficiency very difficult to achieve.

Another quote from the last estimates, this time from the deputy minister: "In the supply and services area, we very often will calculate the savings we are making there by comparing our bulk purchase contracts with the cost of purchasing in smaller units on an individual ministry basis. We can show savings in that way that are fairly meaningful."

I would suggest to the minister that savings which result from large bulk purchases are really savings only if all of what is bought is used. To illustrate, I'd like to relate some examples of the problem.

Every November for the past number of years the government office in which I worked got rid of all the useless accumulation of paper in the office. This paper, which amounted to several tons a year, was sold to a scrap dealer and the money used to defray the cost of the annual office Christmas party. About two-thirds of that paper was actual scrap, paper that had been used for records which were no longer of use. It seemed to me that every year about a third of the paper we threw out or sold was printed forms, some of them very costly forms, and envelopes with printed return addresses on them to go with those forms and so on; all still sealed in the boxes they were delivered in, never opened and never used.

This situation would not have been so obvious and so annoying if it had only happened once. It went on every year. It even got to the point where employees took great satisfaction from saving a few of each of the unused items to wave in management's face whenever it complained about not having enough money to pay for overtime, or something like that.

I understand, Mr. Minister, that your ministry doesn't have direct control over what the other ministries order and buy, but surely a government so concerned about its expenditures should have some kind of mechanism, some check to eliminate this kind of wastage. Surely it is in the best interest of you and **your ministry to push the cabinet, and whoever else along these lines, with the aim of ultimately being able to show the gains in your budget and in the budget of the other ministries.**

This kind of practice by itself is bad enough. There is, however, another questionable practice which has developed over the years which is even worse. This practice is one which I think everybody in the province on Ontario knows about, talks about and jokes about. That is the practice that I like to refer to as "budget plumping", or the practice of spending all the money that's in your budget before the end of the year in order to protect your position, budgetwise, for the following year.

Mr. Nixon: That even happens in political offices.

Mr. Charlton: At any rate, I would like to give you a couple of examples of the kind of stupidity that goes on in this area. Last

February we had a couple of insulting examples of this practice in our office.

The first example dealt with our photocopy machine. We had a perfectly good machine which produced very cheap shiny copies—the kind produced by liquid copiers. All the employees used the machine for regular work to produce material for our own files, for field work and for court work. Unfortunately, our management decided—I suppose because it had a little bit of extra money—that it wanted to get a new and better machine. So it traded in the old one and went out and bought a new one.

The new one was a much better machine. It was at least five or six times as big as the old one. It took up half a room. It made much nicer and fancier copies, although I dare say the machine was somewhat more expensive than the one management traded in.

Immediately after the new machine had been installed, the staff, in groups, was shown how to operate it. At the end of the demonstration, the staff was told in no uncertain terms that this machine could not be used for routine work as the old machine was because the copies were just too bloody expensive. Further, members of the staff were told that they had to get approval from their managers, or from their supervisors, for any copies they wanted to make on that machine.

This process was annoying and frustrating for the staff, but it didn't even come close to matching the stupidity of my next example.

Shortly after the new copier was installed, another machine arrived in the lobby of our office. At first no one knew what it was, including our local management. The question was raised about the possibility of a wrong delivery. However, upon checking, it was learned that it was indeed for us and that it was a microfilm reader. Well we didn't have any microfilm in our office, and naturally we asked a few questions of our managers about the machine. It soon became very apparent that the managers didn't know the machine was coming and they had no knowledge of any proposal to microfilm our records so that we could use the machine at any time in the near future. So the machine sits there, I don't know how much the machine is worth, but it's a pretty fancy looking machine and probably fairly costly.

I realize that your ministry has no direct control over what other ministries decide they want within their own budgets, but surely if you and the officials of your ministry really believe what has been said in the past about efficiency and productivity, then you must

do whatever you can to discourage these types of practices and push to eventually eliminate them. If you don't then you will have failed and the credibility of your ministry will seriously be hampered.

I would like to get away from the supply and services area now and get into the area of capital construction. I wish to raise what I feel are some very real and fundamental concerns about the tendering process in that area; the contracts government services signs and the followup which the ministry does or doesn't do on construction projects.

Over the past few weeks I've been approached by a number of suppliers and contractors who took contracts with a company called Embassy Management Limited. Embassy had been awarded a number of government contracts and these suppliers and contractors were complaining about non-payment by Embassy for material supplied and work done on these projects. I understand that some of these people have approached both the deputy minister and the minister, so I'm sure that you're aware of the situation.

The allegations made by these suppliers and contractors are very serious. Their claims, and a very quick look through the ministry's annual report, raise some very interesting questions. I've a list of some 15 complainants against Embassy. Their allegations range from no payment at all on contracts to payment at a very low percentage of the total contract, and include a very sincere belief by some of the people involved that Embassy never had any intention to pay at all in the first place. I'm not sure whether legal actions have been undertaken in every case against them, but there are a considerable number of pending legal actions.

I don't wish to be judge and jury of these cases, nor do I feel that the minister or the ministry should be either. The courts, I think, will decide in terms of those existing contracts and existing legal actions what was right and what was wrong and who was at fault. What I wish to do, though, is to talk about the kinds of allegations and complaints which have been raised. I feel very strongly that they warrant a full and thorough investigation by the ministry so that these kinds of problems can be avoided in the future.

One of the suppliers, John Wheelwright Construction, claims he supplied three prefabricated metal buildings to Embassy for contracts on OPP property in Warren, Noelville and Kilarney over a year ago. Mr. Wheelwright alleges he has never been paid for any of the \$14,000 he feels Embassy owes him. The case is in court and the court, as I understand it, has forced Embassy to post \$10,000

to the court and has ruled that the remaining \$4,000 is in dispute and will be decided by trial.

David Haggart of H Construction and Consulting Limited, has been involved with Embassy as a subcontractor on four individual contracts, three of them with the provincial government. Mr. Haggart claims that on the first two of the three provincial contracts, which were very small, peanut projects, he was paid. But on the third for which he signed a contract of \$24,000 with Embassy he has to date received only \$6,000 on a project which he feels is completed.

Mr. Haggart says that on September 27, 1977, Embassy told him that they'd only drawn down \$11,000 from the ministry on the last mentioned job, which was at the Huronia Regional Centre. Mr. Haggart and one of his employees Andy McPhillips went to the Ministry of Government Services contract control, in room 1085 in the Ferguson Block. They allege that the records there showed that on September 27, Embassy had drawn down \$24,798.75 from the ministry. Mr. Haggart claims there is still \$21,166.61 owing to him on this project. That's over and above the \$6,000 he claims he's already received, and that includes some extras on the project which were not in the original contract but which he also claims he was instructed to add.

[8:30]

I also received complaints from Mr. Lionel Knights of Knights Construction, who did a job for Embassy on an OPP property in Moosonee. The contract was for \$17,500. Mr. Knights claims that the project was completed in May of this year and that the contract overran the original amount by quite a bit. He feels Embassy owes him \$28,000, of which he claims he has received not a cent. He says that all of the materials, et cetera, were paid for by himself and that he's presently in serious trouble with his own bank because he hasn't received any of that money.

Mr. Knights further alleges that an on-site meeting was held at that particular project between the ministry and Embassy two days before he arrived on the scene. He also claims that at that meeting Embassy officials assured the ministry there was no subcontractor involved in the project and that they were doing all the work themselves. Mr. Knights says that this information is recorded in the minutes of that meeting which are in the ministry's possession.

The general complaints seem to agree; Embassy management was referred to by most as a construction broker who does none of the work but subcontracts it all, providing some

management assistance and on-site supervision.

I think all of these allegations warrant an investigation by the minister. Further, I feel that this kind of situation raises some serious questions about the way in which the ministry handles its contracts. I understand that some of these complainants met with the deputy minister. The sum total of the response they got—and the deputy minister can correct me if I'm wrong—was, "I'm sorry, but there's nothing we can do."

Surely the ministry has an obligation to follow up on these complaints; and if through investigation on their own part and the results of the present court actions the charges are found to be true, then the ministry has a responsibility to protect the public and has a responsibility to take action on this kind of a situation.

Let me quote again from the minister's remarks during the last estimates: "The ministry is mindful of the necessity to ensure fair competition and economy in the award of government contracts. This is accomplished through publicly advertised tenders and the award of contracts on the basis of the lowest acceptable and responsible tender." At the very least, this whole mess is very shoddy business practice and this government and this ministry have a responsibility to protect themselves and the public from this kind of operation.

There are a number of other questions which arise from this mess. First, if it is true, as alleged, that Embassy Management is merely a middle man doing none of the construction itself but merely providing management supervision services, which the ministry I believe already provides on its own, then this entire process is a colossal waste of taxpayers' money. Your ministry should be letting contracts directly to those who will be doing the work. Further, your ministry should be aware at all times of with whom they're dealing and what their record and practices are.

Second, from a very quick skim through the annual report of the ministry, it would appear that the only government contracts which were awarded to Embassy Management Limited were contracts where they were the only bidders. Comparing that to those contracts where Embassy competed with others on their bids, Embassy was the highest or among the highest in every case that I could find. This raises some very serious questions about the ministry's whole approach to letting contracts, especially in cases where there are one or very few bidders.

In summing up, I would like to urge the

minister and his ministry to consider very carefully the concerns I've raised. This government and the ministry are here to serve the people of this province and to manage their moneys well. With this kind of nonsense going on, neither can be accomplished. This kind of activity also just continues to alienate the public and to make them even more cynical about the honesty and integrity of government and politicians alike.

Mr. Chairman: Would the minister care to respond to the critics?

Hon. Mr. McCague: Just to thank the critics for their comments, which were mostly kind.

The member for Essex North raised the point about mention of professional staff in the Keith Martin report. Neither the deputy nor I are familiar with that report. Maybe we could have that so that we may answer some of your concerns in that respect. I think most of the buildings which you cited, where you were concerned with safety, were buildings outside of our jurisdiction. I think there were one or two where we may be providing the maintenance or maybe doing renovations on request of the owner ministry.

As far as hospitality and protocol are concerned, we probably could get into that when we come to that vote, if that is all right with you.

Mr. Ruston: Fine.

Hon. Mr. McCague: By the same token, that applies to some of the concerns mentioned to us about the waste in the hon. member for Hamilton Mountain's previous employment. Again, this ministry really doesn't have any responsibility for what you are referring to. We do offer a central purchasing agency for some things, and paper is one of them. But there is no obligation on the client ministries to purchase from us any more than from anybody else. Any controls you might be suggesting would probably properly come from Management Board; and although Management Board dictates policy, it would have very little control over the kinds of waste that you mention, such as paper for one thing. You certainly have to admit the people in the office were enterprising if they could get enough money for their Christmas party.

Mr. Charlton: They never got enough, just enough to defray the cost of booze.

Hon. Mr. McCague: That probably explains, if they didn't get enough for their Christmas party, why they had no problem on wastage throughout the year.

On spending all budgets before the end of the year. This is another point that will come up, I'm sure. It certainly isn't necessary to

do so, but most ministries have the tendency to use up their budgets before the end of the year. It would be best if that wasn't done. Again, we don't have much control over that; hopefully we as a ministry are not guilty of it.

The problem of Embassy Management Limited is not an easy one. We are aware there have been some doubtful practices. I personally have not signed a contract with Embassy Management since I became minister. I would be very hesitant to do so in view of what has come to light in the last few weeks. But I really don't know under what authority I could refuse to sign a contract if they were low bidder.

I sympathize with the people you have mentioned. You mentioned Embassy being a middle man. There are many cases where the person to whom the bid is awarded is really a middle man. Many of the very large construction companies today subcontract a big percentage of a project. I think it's true to say that Embassy subcontracts practically it all.

It becomes a matter of what you can do legally. The various people you have mentioned all had the same kinds of rights they would have if they were doing something for me personally. They have lien rights. I probably would not have been as persuasive as certain people were to get over that hump of 37 days, when you then would not have lien rights.

I think that when it is a government contract people expect that the government will protect them. The rules of the game, I guess, are the same whether the client is the government, or you or me. I know the problem that you mentioned. I wish you could help us with it. You mentioned the ministry should record the practices and record of the people to whom we let contracts. I am sure that many of the people to whom we let contracts really don't have much on which to base a record or establish a practice. There are new people coming into it all the time. We don't want to discriminate against anybody who may wish to bid on these contracts.

All I can tell you is that it is a very difficult situation. It is true that—I should let the deputy answer for himself, but I would be 100 per cent sure that it is true that he said: "Sorry, there is nothing we can do." That really is the state of the nation. As you admitted yourself, the courts are there for the people; the lien rights are there for the people. If we could all collectively find a way in which this kind of practice could be stopped legally, from a ministry point we would be interested.

Mr. Charlton: May I make a couple of comments on that?

First of all I wasn't suggesting, for example, that there was very much you could do about what has already happened. I am fully aware that, at least in most cases, the subcontractors and suppliers involved are attempting to enforce their rights under the legal process. What I was suggesting was that if you don't have any recourse at the present time, then you should certainly find a way to get one. I was suggesting that when you can sit back and see that kind of practice going on, then there has got to be some way that you, as a ministry, can have the right to say: "Look, we don't want, as a normal practice in the Ministry of Government Services, to have companies to which we let contracts continually forcing their subcontractors to have to take them to court." What I am saying is that this first round with Embassy is going to have to be settled in the courts, but the ministry should be striving to find a way to eliminate that in the future. I noticed, for example, a couple of instances in the last annual report where the low bidder was not awarded the contract.

Hon. Mr. McCague: There are a few of those.

Mr. Charlton: Yes, here is one here. The tender of Soreans Construction was not accepted because of poor past performance on previous contracts. Obviously you already have that right, in some form. Perhaps the form needs to be expanded on, but it is something I think is very serious; your ministry has to have a serious look at finding a way to deal with it. I am not suggesting that because you don't have any records on a new company you necessarily forego awarding them a contract, especially in a case where they are the low bidder; but once you have had the experience and you yourselves or somebody else has been bitten, surely there must be a way that your ministry can avoid that for the future.

The other thing that I was suggesting, and I think I tried to make my point clear in my presentation about the spending practices of other ministries and whether or not you had any jurisdiction over that; I wasn't suggesting that you did, in fact I think I said I understood that you did not. I was asking that what the ministry and the minister do—since obviously you are aware of those kinds of practices going on, and since the espoused purpose of your ministry is to accomplish efficiency, economy, productivity and so on—that then you and your staff, as a ministry, urge the cabinet, Management Board and

whoever else it is necessary to urge, to eliminate those practices.

[8:45]

I understand the kinds of problems you have in terms of what you have jurisdiction over and what you don't have jurisdiction over, but that is not to say that as a ministry you can't take a position and fight to correct the stupidities and the excesses that go on in government, especially in the kind of restraint situation we're in today.

Hon. Mr. McCague: We can take those ideas under advisement.

Mr. Nixon: If I may, Mr. Chairman, the minister said that if there was a bidding situation he doesn't know what authority he would have for refusing to sign a contract with this company that is under discussion. Does he mean that under the regulations and the statutes that govern his activity, the fact that they have not performed well, that is as regarded paying their subcontractors, is not what you recognize as poor performance? Is poor performance not coming up to the specifications in your contract? Is that what you mean?

Hon. Mr. McCague: I think it would be fair to say that Embassy are not guilty of not coming up to standard on their contracts.

Mr. Nixon: But you would be very unwilling to sign a contract knowing what you do about the way they do business?

Hon. Mr. McCague: I've asked that it be looked into from a legal point of view.

Mr. Nixon: The legal point of whether you could in fact simply reject their low contract on the basis of the minister doesn't like the way they do business?

Mr. Charlton: There is something else we are seriously going to have to look at here, because as I suggested, as far as I could tell from this annual report, in all the cases where Embassy was in competition with others they were never the low bidder. In fact they were always the highest, or second or third from the top of the list. The only contracts I could see that—

Mr. Thatcher: That's not true.

Mr. Charlton: It's not true? Then why is it in the book, for example, that the only contracts I can find that were awarded to Embassy have no other bidders listed?

Mr. Thatcher: They bid in a number of situations; they have been high bidder and they have been low bidder when there have been seven or eight bids come in.

Mr. Charlton: But in the cases I could find where there are other bidders listed, Embassy

is in the high end of the range; and the cases in this section, in the middle of the book, where Embassy has been awarded the contract, there are no other bidders listed.

Mr. Nixon: They were the only bidder in the ones they were successful.

Mr. Charlton: They are just shown here as the company the contract was awarded to, and there are no other bidders listed at all.

Mr. Thatcher: That's right, because that particular schedule shows only the successful bidders.

Mr. Charlton: Why does it not show all the other bidders, the same as the other schedules?

Mr. Thatcher: Because those are smaller contracts and there are more of them; to show all of the bidders would create a very voluminous record so we shortened it, simply showing the successful bidders.

Mr. Nixon: Would there be 20 bidders or seven bidders; how many?

Mr. Ruston: Those are the ones under \$50,000 I take it?

Mr. Charlton: Yes. They start at about page 37 and run through to page 40.

Mr. Thatcher: In those cases there were other bidders. It is just that this schedule doesn't show them.

Mr. Chairman: Have you completed your comments, Mr. Charlton?

Perhaps we can take vote 801, item by item with the concurrence of the committee. Is that agreeable?

Mr. Hall: Mr. Chairman, there is only one copy of the detailed figures provided to each party, or each leader; some ministries provide copies for all the members, I just wondered if—

Hon. Mr. McCague: Restraint.

Mr. Hall: I heard there was restraint going on.

Mr. Nixon: The saving is for the Christmas party fund.

On vote 801; item 1, main office:

Mr. Ruston: I wanted to ask something about your professional staff and also about the charge-back; I think that would come under main office.

Leading off with something about the chargeback system; in effect what you do, if I understand it correctly, when you are to build a building, let's say for the Attorney General, your architects and so forth lay out the type of building. Now does the Attorney General tell you what he or his people have in mind; and do your professional people

then lay out a rough draft of what he requires? Do you, then, go out and hire an architect to draw up a final draft of that building? What is your procedure?

Hon. Mr. McCague: I'll ask Mr. Thatcher to answer that.

Mr. Thatcher: The ministry's requirements are worked out with the client ministry and summarized. We then retain the services of an architect who refines these and eventually prepares working drawings; the working drawings are then used as the basis for a tender call. The contract is awarded to the low bidder and the architect remains on the project to assist in supervision of the construction until completion.

Mr. Ruston: Is the architect then paid in the same fashion as with anyone else who was building a building, any school board, municipality or whatever it might be? If they hire an architect and he supervises the building of it and so forth, his commission, depending on the amount of the building, runs anywhere from five to 10 per cent. depending on the size of the building. Do you work on a similar basis when you hire architects for this purpose?

Mr. Thatcher: Yes. Until about a year ago we used the scale of the Ontario Association of Architects. About a year ago we decided it would be more appropriate for us to use a fixed fee. Now we negotiate a fixed fee with the architect, but it's still in keeping with the scale that the Ontario Association of Architects publishes. The only thing about the fixed fee is if costs rise from the time the drawings are done to the time the construction is completed, the architect doesn't get an increased fee as a result of that.

Mr. Ruston: Your staff has 21 architects, 30 people in engineering and surveying, and about 43 people employed in what you call drafting, designing and estimating. So we're talking about a total of approximately 90 or 95 people in your office who are some way or another connected with designing of buildings and so forth.

Mr. Thatcher: Right. Those people do the small construction projects; they review all the architects' drawings to be sure we're getting what we want from the architects, and they will consult with the architects if they think it's necessary. We do all of the repair drawings and all of the alterations drawings. All of that design work is done in house. It's small stuff, and generally speaking it's the kind of work an architect is not too happy about getting, and if he does, he wants a fairly high fee for it. We find we're able to do it with in-house staff more economically.

Mr. Ruston: In the actual construction, would your people actually, to some extent, act as supervisors or overseers, or does the architect's firm look after this?

Mr. Thatcher: We do inspection work on all our projects. The architect stays on to be sure that construction generally is following his drawings, and he reviews the progress drawings by the contractor and certifies them for payment. That way we get an independent check on the amount of work done.

Mr. Hall: Is the sort of thing that your staff would do something like the elevator and ramp going in the north wing?

Mr. Thatcher: Our staff designed that, yes.

Mr. Hall: Do they get a price estimate when you do work?

Mr. Thatcher: Yes.

Mr. Hall: Toronto architects provide cost estimates for boards to live with; do you accept the estimates of the architect whom you engage or does your staff do a separate estimate of cost?

Mr. Thatcher: Both. The architect is required to do an estimate and our staff checks it.

Mr. Ruston: Wasn't there an outside architect hired in the ramp case? My understanding is that there was.

Mr. Thatcher: We had Professor Eric Arthur involved in the concept. He's our consultant for the Legislature building, but I think we did the rest of the work in-house; and then it went to tender of course.

Mr. Ruston: That's the one that was \$200,000-odd. I think a question was asked in the House one day, wasn't it, Mr. Chairman? I think there was a question put on the floor with regard to that, and my understanding was the architect's fees were \$10,600 and the total cost of the job, I think, was \$260,000 or \$270,000. I thought I had a note of it here someplace. As far as you are aware now it was your own architectural people.

Mr. Thatcher: As far as I can recall, it was. I can check on that and correct it if I'm mistaken, but as I recall it was. The contract price for that, incidentally, was \$185,000.

Mr. Ruston: When you build this building for the Attorney General, or whoever it might be—and there's one being built in Windsor in addition to the court house—do you in effect, charge that to the Attorney General's ministry in any way, or just on paper? How do you arrange that?

Mr. Thatcher: We don't charge it back.

Mr. Ruston: Don't charge it back.

Mr. Thatcher: Let me just add to that to make it clear. If we build a building under the capital program we don't charge it back. If we're renting space from an outside owner, we could charge it back because we have a figure we could charge. There has been some discussion as to whether it would be prudent to do that, but we've taken the view it should probably all be charged back or none charged back so the person knows whether the program includes accommodation costs or not; presently there is no charge back for accounting purposes.

Mr. Nixon: Mr. Chairman, might I ask, does the ministry provide the services and construct the facilities for all government ministries without exception?

Mr. Thatcher: The answer is essentially yes; for all ministries whose programs are funded from the consolidated revenue fund we provide the accommodation. Now there are some boards and agencies that are not provided for in that.

Mr. Nixon: Is the LCBO one of those?

Mr. Thatcher: It's excluded, yes.

Mr. Nixon: The LCBO, then, has their own architectural staff, their own property division, their own engineering; and they finance these buildings out of their revenues before they make a return to the consolidated revenue fund.

Mr. Thatcher: That is correct.

Mr. Nixon: This next question has always bothered me, even from the hey-days of school construction: Is there a certain amount of standardization or modular construction possible when you're building, not identical replicas of course but buildings for almost precisely the same purposes though multiple in size in different parts of the province? I've often thought it seems wasteful, and to some extent non-productive, to start from scratch for each building, using your own design personnel and then farming it out to some independent architect, who from a standpoint of let's say a naive farmer makes off with a bundle when it doesn't seem necessary.

I'd hate to see architects starve. I don't know whether any of them are, but now that we're not building very many schools on the principle that we did during all those fantastic years of lush building, with every one built right from scratch with the architect charging the full fee for a brand new building as if a school had never been built anywhere before, I guess the architects are suffering now. I certainly hear that they are, some of them, from the fact that the

construction has fallen off to such a great extent. It seems to me that in the Ministry of Government Services there could be much more standardization to cut our costs of design and construction.

[9:00]

Mr. Hodgson: Mr. Chairman, maybe before you answer that question the hon. member could explain what he means by a naive farmer?

Mr. Nixon: An innocent one, Bill; you wouldn't know a thing about that.

Mr. Ruston: There appears to be some duplication. I think the member for Brant-Oxford-Norfolk has a good point. I am trying to figure out the staff of professional people we have here. We still go out to the market and hire an architect to do the building. To me it seems we have duplication some place. I am wondering if we are building buildings as cheaply as some other government agencies that have no staff? A little municipality hires somebody to build them a building; they hire an architect or an engineer to lay it out; his is the one cost and that is it. I am wondering if it is maybe costing us more?

Mr. Thatcher: Just to come back to Mr. Nixon's point, we do standardize where we can and we do save money by doing that. I'll give you some examples.

Detachment offices of the OPP are built to a standard plan. Some are slightly larger than others by just expanding the standard plan. We do those in-house. The buildings needed by the Ministry of Transportation and Communications are very often the same kind of building. As you know, that ministry operates on the basis of districts and each district has its own shops, storage, garages, and various things of that kind. These are standardized buildings. By standardizing on the design and then simply having the plan adjusted for the site conditions of each location, we are able to do those very cheaply.

Either our own staff will take the standard plan and modify it for the location, or we will get a local architect to do it for a small fee. This is not the kind of fee he gets for designing the whole building, this is just a small fee for adjusting it. So wherever we can we do that. The architects are generally used for the larger and more complex buildings, like court houses, detention centres and that sort of thing.

Mr. Chairman: Shall item 1 carry?

Mr. Davison: Just a moment, Mr. Chairman. In the last set of estimates, the former

minister explained to us at some length the staff reduction program that was going on at that point in time in the ministry. As I recall, the complement in the year 1975-76 was reduced by 102 bodies. As of May, 1976, for the 1976-77 fiscal year, it had been reduced by a further 20.

Could the minister bring us up to date on that program? What happened since May 1976, and what is the projection for the fiscal year 1977-78?

Hon. Mr. McCague: What was the figure you were using?

Mr. Davison: I think the 1975-76 fiscal year was 102; and then in the 1976-77 fiscal year, to May of 1976, there were a further 20. What I don't know is what happened after May 1976 and what is projected for this year.

Hon. Mr. McCague: There was a reduction of 20 complement positions in 1976-77; and you are asking what the target is for 1977-78.

Mr. Davison: For the actual reduction to this point in 1977.

Mr. Ruston: Are you looking at the total staff?

Hon. Mr. McCague: In table 177, the reduction is 29.

Mr. Davison: You don't have a projection?

Mr. Thatcher: For the complete year? Yes.

I should explain, Mr. Davison, that we are going off the complement control on to a monetary control at the request of Management Board.

The 29 is really our yearly target. We have reached it now, but there will be more reductions based on money that has been taken from our budget for salaries and wages; we will have to trim a little to meet that. We are just in the process of establishing what that means. We have been given the money target to work to; we have now got to convert that into actual numbers by which staff will be reduced.

Mr. Davison: Your entire reduction for the 1976-77 fiscal year took place in the first month of the year, in April. Does that mean that in early May, 1976, Management Board suggested you switch from reductions in terms of complement to reductions in terms of money?

Mr. Thatcher: I think they told us about July, about that time.

Mr. Davison: There is something else I would love to raise, and I will try. Mr. Ruston, in his opening comments, talked about the question of exactly what the ministry was responsible for in terms of upkeep

of buildings being rented by the ministries of the government that were not owned by the government. Is it appropriate to ask about that policy under main office?

Mr. Chairman: I would think either the main office or upkeep of accommodation program, which is vote 803.

Mr. Davison: The question I want to ask is one of policy.

Mr. Chairman: If it is policy, I would suggest it comes under the main office item.

Mr. Davison: Has the minister a further elaboration of the policy in that matter? I am concerned about it for the reasons Mr. Ruston raised.

The example Mr. Ruston gave was the Arrell group home in Hamilton, where for a period between May, 1977 and October or nearly November, 1977, the government has been, in effect, ordered to do something about maintenance. Through that period it never did it. Is that a problem at that particular place simply because of the particular home being transferred from the Attorney General's office over to Community and Social Services and the complications that arose out of that; is it a problem of a simple backlog in terms of the ministry getting work done that it has to do; or is it a more serious problem representative of what happens at all buildings that are not owned by the government in which Government Services has some hand in maintenance?

Hon. Mr. McCague: I do not have the answer to that specific question. It will be a matter of whether the client ministry, if it is now Community and Social Services, has asked us to do anything about it.

Mr. Thatcher: Not that I am aware of. One of our problems is in the budgets of the ministries. Sometimes a ministry will place certain things that have been asked for in a report fairly low in priority. Even though we may be responsible, we make up our budget on the basis of the needs of the ministries. If the ministry gives it a low priority, we may simply not have funds available to touch that job at this particular time.

We have quite a range of alternatives in the responsibility for repairs in rented buildings. Some buildings are rented with repairs and maintenance as part of the rent, and others are rented with the ministry taking responsibility for that. It depends on the nature of the thing, the length of the lease term and the function that's being carried out in the building.

Mr. Davison: I'd appreciate it, Mr. Minister, if during the estimates you could find

out the reason, and whether it was a question of policy within your ministry or within ComSoc or the AG's office, because it's extremely important. The failure of either your ministry or the AG's office or ComSoc two weekends ago led directly to the escape of four kids from that particular home. So while it doesn't much matter in terms of maintenance if somebody breaks a flower pot at a government agency, it can be very serious in some other government institutions. Could you undertake over the next few days—before the next meeting of the committee—to find out what the situation is?

Hon. Mr. McCague: We'll comment on our involvement.

Mr. Davison: Thank you.

Mr. Ruston: I wonder if I could clarify the situation with regard to the ramp here, I think this was a question answered in the House and I seem to have it in my papers here. The contract price was \$172,700 and architect's fee was \$21,600. There was a contingency allowance of \$1,600, preliminary expense of \$300 and testing of concrete \$400, which came to a total estimate of \$212,000. Would you clarify that?

Mr. Thatcher: Could I ask Mr. Pencak at the back to tell us about the architect on that particular project? Do you have that information with you?

Mr. Pencak: I'm sorry, what was the question?

Mr. Thatcher: The question is on the ramp in this building, the ramp leading to the north wing. Was there an outside architect hired? Who was it?

Mr. Pencak: I couldn't answer that, Mr. Thatcher.

Mr. Thatcher: I'll have that information for you the next time we sit, Mr. Ruston.

Mr. Ruston: The name that I have is Ballow Associates.

Mr. Pencak: Mr. Ballow was designing part of the renovations. Possibly he has done this project as well. We really didn't expect to get into too much detail.

Mr. Ruston: We'll leave that then, fine.

Mr. Peterson: May I ask a supplementary while you're figuring that out; how much do you pay labour to paint ceilings in the middle of the night in members' offices?

Mr. Chairman: That really comes under another vote.

Mr. Peterson: You'll go back and look it up so I might as well put you on notice. I would like to know.

Mr. Thatcher: The rate at which the ministry employs painters?

Mr. Peterson: Painters in the middle of the night.

Mr. Thatcher: In the middle of the night?

Mr. Peterson: While you're on that, why was it necessary to paint those ceilings in the middle of the night anyway?

Mr. Thatcher: Which ceilings were those, Mr. Peterson?

Mr. Peterson: In my office last week. They put dust and corruption all over the place and it really didn't seem necessary to me. I hate to be picky, but did you know they were being painted? Maybe somebody just walked in and did it, I don't know. Check that out, will you? I think you'd be more interested in knowing the answer than I would be.

Mr. McKessock: On that subject, maybe it would be interesting to know how much it cost per ceiling. Sometimes five inspectors would come in at one time to have a look at the ceiling.

Mr. Peterson: While we're on the subject, I want you to know there were people running around with clipboards and plans, people with ties on. I don't know if you need all that many supervisors. Why don't you just get painters?

Honest to God, I've never seen a more inefficient looking operation in my entire life than what went through that building last week. There were guys all over the place, supervisors all over the place. I just honest to God can't understand it. Maybe you can justify it but I've never seen anything like it in my whole life.

Mr. Chairman: I'm sure the ministry can get those details and put them on the record at the appropriate time.

Mr. Peterson: Thank you, Mr. Chairman. I apologize, but it is of urgent public importance.

Mr. McCaffrey: They were probably Mounties looking for very sensitive documents, and they likely left very disappointed.

Item 1 agreed to.

On item 2, financial services:

[9:15]

Mr. Ruston: What does financial services cover, Mr. Chairman? I believe it is listed in the book here, and I see it is up some from last year. Salaries and wages, \$965,000; you must have a large complement of people in that area. A complement of 65 I see by your book on page 6; unclassified staff, seven man-years.

Hon. Mr. McCague: The functions are to process supplies, invoices for payment, process payroll for ministry employees, process expenditure recoveries from other ministries, collecting and depositing all moneys due to ministry, maintaining asset records for the ministry's equipment and furniture, developing and preparing financial reports for the ministry senior management.

Mr. Ruston: What qualifications have some of the people you have—not all of them but the people who are administering this? Do they administer rental units and the ownership of the buildings you have and that type of thing? One sees a million dollar payroll on one part of the budget and wonders. I see the actual spent in 1975-76 was \$1,027,000; and this year it's estimated at \$1.4 million, up \$255,000 from last year. Can you tell me what part of that may be?

Hon. Mr. McCague: Mr. Silver, will you respond?

Mr. Silver: Yes; I have an analysis of the increase. They are salary and wage revisions and associated benefits; that is the increase of salary awards and so on and so forth from one year to the next, \$80,000. There were salary and wage costs associated with additional workload, \$58,000. Increased production costs of—

Mr. Ruston: Was that overtime?

Mr. Silver: No, this was not just overtime. This was additional unclassified people associated with additional workloads, \$58,000; increased production costs on the financial information system, that is computer runs and so on and so forth since we are now preparing a great deal of information through the computer rather than use the clerical system, \$29,000; development costs of modifications of the financial information system, \$88,000.

These were the main components of the increase from one year to the next. We have done a lot of development work in our financial information system. In the past 12 months we put in a new accounts receivable-accounts payable system; we have put in new systems in connection with cheque production, construction cost recording, operation maintenance cost recording and property management reporting. This 12 months we have been doing a lot of work in this particular area.

Mr. Ruston: Do you have any contract help in that kind of situation?

Mr. Silver: Yes, we do. We have peaks and valleys, this is to help with the peaks.

Mr. Ruston: Do you have anything to

show as to how many that may be; are there contracts, sometimes for six months, a year, two years?

Mr. Silver: Yes. It could be at month end or year end, this type of situation is where we would use contract people; or we could also use GO Temp people for this type of thing as well.

Mr. Chairman: Have you finished, Mr. Ruston?

Mr. Ruston: Yes.

Mr. Chairman: Mr. McKessock?

Mr. McKessock: Mr. Minister, your ministry takes on land from other ministries when they cease operations on any property and disposes of it. Is that right? Or do you take them on anyway, whether you're going to dispose of them or not?

Hon. Mr. McCague: We're very often asked to manage them, yes.

Mr. McKessock: There's one property that I've had quite a few inquiries on; that's Camp Oliver. Could you tell me what is going to be done with that property?

Hon. Mr. McCague: Have we taken on the management of that?

Mr. Thatcher: Camp Oliver was operated by Correctional Services until recently and it has since been discontinued. The property lies on lands belonging to the county of Grey. Although the buildings were put up by the province, they really revert to the county. I think it will be the county that will have to make the final decision on that.

Mr. McKessock: So the government didn't own any of the land?

Mr. Thatcher: It never owned any of the land.

Mr. McKessock: And the buildings are going to be turned over to the county?

Mr. Thatcher: I believe that was the arrangement when permission was given by the county to put them in. I think they would revert to the county after they ceased to be used by the province. The only alternative, if that is not so, is that the province might be able to remove them and put them somewhere else. I don't know that that would be a very good thing to do. I think probably the county will have the final disposition of this buildings.

Mr. McKessock: Thank you.

Mr. Chairman: Mr. Hall?

Mr. Hall: Mr. Chairman, I am really seriously handicapped by a lack of more detailed information. I don't say that facetiously; I contemplate the prospect of another

17½ hours here looking at these pages and it doesn't elicit sufficient information for me.

I must tell you that the brief statement on the vote 801, item 2, financial services, does not explain much to me. I'd appreciate a little clarification on what is the scope and function, but specifically I raise the question about this item of charges shown on page G49 of the estimates. I notice deposits, trust accounts and land maintenance for two items. What are these charges? One refers to Effingham Park; there's an Effingham in my riding, and it rings a bell with me when I see it in print here. Is there some explanation of these charges which are set out separately from the day-to-day costs you pick up under financial services, whatever those financial services are?

Hon. Mr. McCague: I'll try to explain each of them to you.

Regarding the central collection deposits, the ministry operates as a collector of last resort for other ministries. We attempt to collect all the bad accounts of all the ministries.

Contract security deposits are the bid bonds or bid deposits that we get.

The Effingham Park expropriation trust account, I think is \$40,000 a year that is paid on some land that was expropriated there. It's a yearly payment.

Ontario Housing Corporation land maintenance—a better word probably would be management—is \$130,000.

Mr. Hall: Just on that item, is that one particular building of Ontario Housing Corporation or some buildings that got into trouble where nobody else will do the contracting? What is it?

Hon. Mr. McCague: It's rentals collected on OHC lands, with which you will probably be familiar.

Mr. Hall: Rentals collected on OHC lands? Why would they show as an item of expense on your accounts?

Mr. Silver: A couple of years ago the accounting conventions were changed by Treasury. Previously we used to show these amounts net. We collect various sums of money on behalf of the government and we pay them out. We used to show them not in our estimates. Now we have to show them gross. You don't see the other side of the picture which is in our revenues. In our revenues we show similar amounts as having been received.

These are simply the payments out of moneys that we have received. Actually it looks as if these are expenditures of our ministry, but really they are simply cash disbursements of amounts of money that we have previously received. That's all these particular items are.

The minister just mentioned the Ontario Housing Corporation land management item of \$130,000. We receive money on behalf of Ontario Housing Corporation, we pay moneys out on behalf of Ontario Housing Corporation, and there's a net balance that we have to pay there. There's a similar type of transaction regarding the Ontario Land Corporation—they're just amounts that we have received and these are the payments out.

Hon. Mr. McCague: Publications deposit trust account: I understand that it's customary for some companies or individuals to put certain moneys in trust for the purchase of publications, and that is a pay-out.

Mr. Hall: Getting back to the Ontario Land Corporation land maintenance, the Ontario Land Corporation has land at Pickering, Cayuga, Edwardsburgh and what have you. Are you paying money out for services rendered on those properties?

Mr. Silver: We have received rents and we made payments out—the same thing—on behalf of the corporation. This amount represents payments back to the Ontario Land Corporation of amounts we have previously received on their behalf.

Mr. Hall: Are you acting as landlord on all lands owned by the Ontario Land Corporation and not used?

Mr. Thatcher: We are acting as the owner's agent.

Mr. Hall: Such as Cayuga? Are you the landlord on all those farm leases?

Mr. Thatcher: We are the agents.

Mr. Hall: Collecting rent?

Mr. Thatcher: Yes.

Mr. Hall: And you are paying that money out to whom?

Mr. Silver: To the Ontario Land Corporation and to the Ontario Housing Corporation.

Mr. Hall: You are just turning over the full amount of rents received by you then?

Mr. Silver: Net amounts. We make disbursements on their behalf. One of the things that the finance branch has to do is to prepare financial statements and give them to the Ontario Housing Corporation and the Ontario Land Corporation. We give them a record of moneys that we have received and

paid out on their behalf and account for the balance that we pay over to them.

Mr. Hall: This is to say then—help me with this, because I am a little unclear about it. You say it's net amounts? Where is the rest of it accounted for, all the land that the government holds? There must be some explanation of the costs that you face. Are they shown somehow with the Ontario Land Corporation? There is some land you are not getting much rent on.

Mr. Silver: This is only with respect to the lands which are owned by the Ontario Land Corporation and for which we are acting as their managers.

Mr. Hall: Yes.

Mr. Silver: Similarly, that applies to the Ontario Housing Corporation. Those two items account for the flow-through of the cash through our ministry. It is just an accounting convention actually to show that we have received moneys for these corporations and we have paid it out.

Mr. Hall: Except you used the word "net" as if you received a lot more money and you have expenses and were passing the net on.

[9:30]

Mr. Silver: We would make expenditures on their behalf. If there were repairs to some of these properties, then we would make expenditures on their behalf, and at the end of each quarter we would account for any difference to them.

Mr. Hall: But you are only accounting for the difference. You are not accounting for the total expenditure it would seem to me; unless I don't follow you.

Mr. Silver: We are showing here that we are paying to them, we estimate \$130,000; but we would probably have collected a larger amount and paid out amounts in connection with repairs and this type of thing.

Mr. Hall: That doesn't show up in any other ministry's estimates.

Mr. Silver: The amounts of income and expenditure would show on the records of the Ontario Land Corporation, it is a separate corporation. All we do is just act as agent and pass the moneys on to them. All the transactions are recorded fully in the Ontario Land Corporation.

Mr. Hall: So they, really, incur the expense, not you?

Mr. Silver: They really incur the expenses, we are just acting as their agents.

Mr. Hall: The bookkeepers.

Mr. Silver: We do the bookkeeping, that's right.

Mr. Charlton: On the same topic, do you charge the Ontario Housing Corporation and the Ontario Land Corporation fees for the management services you provide?

Mr. Silver: No, we do not.

Mr. Hall: In your opening remarks, Mr. Minister, you said you ran it on a business mode.

Mr. Ashe: I have a supplementary on the same item; there was a reference earlier to Pickering and it is my understanding that you do not act on the North Pickering properties, is that correct or do I misunderstand that process?

Hon. Mr. McCague: You are correct.

Mr. Ashe: North Pickering is a separate development corporation with its own property management division if you will, is that the reason?

Hon. Mr. McCague: Yes.

Mr. Sterling: With regard to the Edwardsburgh land site, do you have figures indicating what the revenues were from that particular area, and the expenses incurred? Another question I had relates to whether or not you keep the figures separated for the different land banks you are dealing with.

Hon. Mr. McCague: We keep the figures separated, yes. What figures are you referring to?

Mr. Sterling: I would point out that in the Treasury estimates, and in reading the annual report of the Ontario Land Corporation, it only showed interest costs related to these land holdings. It is very difficult to get from their statement exactly what the revenues and expenses incurred were for the different land banks that Ontario Land Corporation now holds.

I would really be interested in obtaining figures for the Edwardsburgh land site, to know what the revenues and expenses were in connection with managing that area.

Hon. Mr. McCague: Mr. Filby, can you cite me the page I have that on?

Mr. Filby: I think Mr. Gray has the information.

Mr. Gray: The Edwardsburgh one; as far as management is concerned, this year our estimated income would be \$60,500; our estimated expenses, which include paying taxes on all the properties, would be \$36,500; it showed a net profit of \$24,000. That is just the income from the farms. A lot of the farms there are still under the agreement of no rent. The tax is paid, there are repairs to buildings; and we have a net profit this year estimated at \$24,000.

Mr. Ashe: That has nothing to do with capital cost?

Mr. Gray: Nothing whatsoever; and it doesn't include the overhead of our salaries.

Mr. Ruston: It wouldn't be costing—

Mr. Sterling: In that expense you were indicating to us, is that expense only taxes?

Mr. Gray: Oh no; there are taxes and we try to keep the buildings up to a minimal standard of repair.

Mr. Sterling: The township of Edwardsburgh in particular is most concerned about the tax portion of it. Do you have a particular breakdown on that?

Mr. Gray: No, I don't have it right here with me, but it would be included and we pay full taxes on all the land that is leased.

Mr. Sterling: That is as long as it is held by the Ontario Land Corporation?

Mr. Gray: That is right.

Mr. Sterling: If it was transferred to a ministry that ministry wouldn't be responsible?

Mr. Gray: Oh yes; if the land was leased it's subject to full taxes no matter who owns it.

Hon. Mr. McCague: And a grant in lieu in the other cases.

Mr. Chairman: Shall item 2 carry?

Item 2 agreed to.

On item 3, supply and office services:

Mr. Ruston: Mr. Chairman, I am sure there is an explanation for this. This one has gone up considerably, so before we get into it maybe the minister or some of his official can advise us what this may be, because it has gone up more than \$300,000.

Mr. Silver: The answer to this is quite simple. There's been a change in accounting practice in the current fiscal year, and I think you will see in most ministries that the ministry administration program is set out in similar manner to the one we now have. If you look at the previous estimates, for 1976-77, you will see we have a different format, so that we had the items supply and office services this year. I can tell you what it is made up of. We didn't have supply and office services shown last year, so we have transfers into that particular item from other activities.

For example, if you look at the supply and office services you will see an item "allocation from other activities, \$500,000". Included in that we have the ministry long-distance telephone charges of \$160,000, which wasn't in that particular activity last

year; we have regular mail postage, \$128,900; we have photocopying, \$45,000; we have purchasing, \$81,500; we have messenger services, \$60,000.

Mr. Ruston: What's that, messenger service? Does that have something to do with Purolator Courier and some of those companies that are moving parcels?

Mr. Silver: That is an internal messenger service, inside the ministry. This is funded, in this particular item, for the whole ministry.

Then there is accommodation, \$12,600; telephone directories, \$8,800; and parking, \$3,400. These are charges from "other activities" now being funded in this one particular item.

Mr. Charlton: On the same question, you said that the supply and office services item was not in the estimates last year.

Mr. Silver: Not as such.

Mr. Charlton: Right; and I believe that the main office estimate last year was \$921,700; so I would assume that this \$343,800 you are showing under supply and office services as last year's estimates, at least some of that came out of the main office area?

Mr. Silver: Some of the \$645,300 that we have this year came out of main office last year, yes. There were transfers from various areas.

Mr. Charlton: So there were other areas as well as main office?

Mr. Silver: That's right. For example, we have \$81,500 charged for purchasing; if you refer to vote 804, item 2, you will see there is a transfer there of \$81,500. It was just that there was a different format in the ministry administration program this year.

Hon. Mr. McCague: Could I, Mr. Chairman, just get a correction? Where did you get your figure of \$900,000?

Mr. Charlton: It's written in here and I believe it came out of last year's estimates.

Mr. Silver: No, that's from the year before, I believe.

Mr. Charlton: It's possible.

Mr. Silver: Main office last year, yes. It was—

Mr. Charlton: It was \$921,700.

Mr. Silver: Yes; it's a different format this year.

Mr. Charlton: Right.

Mr. Ruston: I really don't know what to say. I guess that's about as good an explanation as we can get.

There is a complement of five people, apparently, under this. On page 7 it says, "Complement of five, and unclassified staff, three man-years." Do you have any contract employees in that department?

Mr. Silver: I believe we have one or two. We have two, but this varies according to work load.

Mr. Ruston: But your full-time complement of regular staff is five?

Mr. Thatcher: Five.

Mr. Ruston: Okay, thank you.

Mr. Reid: I'm not sure, and I'm sure you'll correct me if I'm wrong, but a few years ago on public accounts Government Services appeared before that committee and indicated that it had an inventory of office space on hand for the use of various ministries that in fact was unoccupied.

I realize this may not be the exact place to discuss this, but I wonder if the minister could indicate if he has inventory of unoccupied space, not only in Toronto but across the province; and if so what it's costing the taxpayers to carry the inventory that's unused?

Hon. Mr. McCague: I believe there is a report prepared monthly and our vacancy is now about three per cent.

Mr. Reid: It's down to three per cent? That's across the province of Ontario? When you say down to three per cent, is that sort of a monthly average?

Hon. Mr. McCague: No, it was a little higher, as I recall.

Mr. Reid: It was quite high at one point, yes. Can you give us an indication of how much it's costing a month to carry that space?

Mr. Chairman: Mr. Gray, would you have an estimate of that?

[9:45]

Mr. Gray: It's really very difficult to say. I don't have the figures right here, but a lot of it is government-owned space. The amount of leased space we have vacant is really very minimal.

Mr. Reid: It is?

Mr. Gray: Oh yes. There is the odd lease; in 1,500 leases across the province you might have the odd vacant one, but most of the government space that is presently vacant is in government buildings in which there's a transitional period going on.

Mr. Reid: How did this come about, this reduction to three per cent, considering the fact that supposedly we've had government

constraint and restraint on the hiring of additional personnel? Did you buy your way out of the leases or did they just become due and were not renewed?

Mr. Gray: I think it's probably a combination of everything. I suppose with good planning—there was good planning—and the odd lease that—

Mr. Reid: When did that happen, Mr. Gray? I was chairman three years ago and it certainly wasn't good planning then. Of course with a new minister I'm sure that there's been a rapid change in direction.

Mr. Ashe: Overnight.

Mr. Gray: I'm sure you want me to comment.

Mr. Reid: I would only comment favourably if I were you.

Mr. Gray: As I said, I believe there is the odd lease we moved out of; if we couldn't use it for another ministry we tried to buy our way out of it. But there are very few of these situations arising at the present time, because as you know we're probably not leasing as much space because of the constraint program.

So for government buildings, and we're talking of about 60 million or 70 million square feet, a vacancy rate of three per cent is very good from where I sit.

Mr. Reid: Just one further question: I don't want to beat it to death, but in that occupancy rate in government-owned facilities—let's take the Queen's Park complex—is there any room available there?

Mr. Gray: Not as far as I know. My branch is on six floors in three buildings. I've been trying to find some extra space and haven't been able to. I guess we're like the shoemaker's son. I'm not aware of any vacant space that is not already spoken for and allocated.

Mr. Reid: When you say "already spoken for", that's a political statement. Does that mean 10 years from now somebody's going to move in or that somebody's already got their name on the door? What exactly do you mean by "spoken for"?

Mr. Gray: Our planning and research branch, which handles all the requests, would sift them out and if there is government space available it would be assigned on a first-come, first-served basis.

Mr. Reid: Do they have a certain time to take up this space; do you come in and give them the axe and say we're going to give it to somebody else?

Mr. Gray: Oh, yes. I think when it's assigned, it then has to be designed and

planned and converted to suit the ministry. I don't think there's any hard and fast rule. I believe it's handled as expeditiously as possible.

Mr. Reid: It's certainly hard to get some facts, but I'll try one more time. You're happy that the three per cent is not a figure that is out of line for unoccupied space for the government across the province?

Mr. Gray: Yes.

Mr. Reid: Would this be normal in a large industry, to have this kind of—

Mr. Gray: Most of the vacancy rates, in apartments and office buildings are now running about 10 per cent. They figure that if the building is occupied to 90 per cent they have a successful operation.

Mr. Reid: Thank you.

Mr. Hodgson: Just one further question, Mr. Chairman, on that same subject. What does three per cent represent in square feet of office space?

Mr. Gray: I don't have the figure right here, but I believe we have about 50 million square feet. That would be about 150,000 square feet in possibly 5,000 or 6,000 buildings.

Mr. Reid: It's a fair amount.

Mr. Hodgson: I think we should be at a low figure, not 150,000 square feet.

Mr. Reid: I wouldn't mind having 150,000 square feet.

Mr. Sterling: Mr. Minister, of concern to me is the high degree of vacant office space in the Ottawa area, due to massive movements by the federal government of many of their government branches from Ottawa to Hull. I was wondering if the Ontario government has moved into negotiations with the federal government in terms of working with them to sublet or lease some of their particular office space in Ottawa. I don't know if you are involved at all with the court facilities in Ottawa or if that is done strictly through the Attorney General. I would suggest that perhaps your ministry could look at the possibility of saving dollars for the Ontario government by getting a better deal by leasing some of the vacant space there in Ottawa and also by reducing some of the federal tax burden by taking it off their hands. Have you looked into that at all?

Hon. Mr. McCague: Mr. Gray, didn't we invite tenders for space in Ottawa?

Mr. Gray: Yes, sir.

Hon. Mr. McCague: Even though there would be federal space available, I think we

as the provincial government would expect the federal government to tender, as others do. The answer is yes, if they tender, we would be considering their bid along with the others.

Mr. Sterling: No direct approach has been made to them to your knowledge?

Hon. Mr. McCague: No direct approach has been made to anybody, just a request for space at a price.

Mr. Ashe: To follow up on that on behalf of the taxpayers of Ontario, whether they be provincial taxpayers or federal taxpayers, I think if we do have needs in Ottawa we should be making a more definite approach. Let us not kid ourselves. The record of the federal government in this regard in Ottawa is not the best. I am sure the last thing they are worried about is what's a million; or as the new proverb is, "What's a billion?" I really think we should be more specific in making some definite approaches and say to them, "We are going to have some needs. You are obviously vacating like it is going out of style and are going to continue over the next few years to row across the river. Maybe we could make some mutually good deals on behalf of our collective taxpayers." It is the same pocket, ultimately, that it comes out of.

Mr. Reid: We might be rowing all the way back across the river within a few years.

Mr. Ashe: Yes, hopefully.

Hon. Mr. McCague: I think that is a good point. By the same token, we operate on a matter of price. We might negotiate a deal with the federal government for the use of their space and next week be faced with somebody saying, "Down the street a couple of doors, we had a place for less." I think you really have to go on the tender process.

Mr. Ashe: You missed my point. I agree with you, the tender process still has to be paramount. What I am saying is when we have some specific needs, we should specifically draw them to the attention of the federal government and say, "We need this, you might have something; tender." Our part, on behalf of the taxpayers of this province and this country, is then protected. If they choose not to tender when they have some vacant space that might suit our needs the onus is then on their shoulders rather than ours.

Hon. Mr. McCague: It would be fair to notify them, yes.

Mr. Reid: I am sorry to come back to what I was speaking about, the unoccupied space. You said there was about three per cent unoccupied and we had in all about 50 million

square feet. My computer-like friend here has informed me that the unoccupied space is a million and a half square feet across the province. Just to refresh my mind, roughly, what percentage of that million and a half square feet—I realize we are talking ballpark figures—is government owned space and what percentage is on leases?

Mr. Gray: At the present time I am really not sure.

Mr. Reid: I thought we had a monthly report.

Mr. Gray: Yes, but I don't have it; that is under the director of planning, I am director of realty. I work very closely with him but I don't have the exact figures. I would think, roughly speaking, the amount is 80 to 90 per cent in government buildings.

Mr. Reid: In government buildings right across the province? If you're in realty, what is the average cost per square foot? In Toronto it runs anywhere from \$8 to about \$20 a square foot.

Mr. Gray: We haven't rented any at \$20, but we've rented a lot at \$8 or \$9 a square foot. In Commerce Court and the T-D Centre, I think you can go as high as \$14 or \$15, but our highest lease is about \$10.

Mr. Reid: Around \$10?

Mr. Gray: Of the buildings we lease, the average would be between \$8 and \$9.

Mr. Reid: What kind of government buildings are we talking about with vacant space?

Mr. Gray: As you are probably aware, there's a magnitude of government buildings. I would like to reserve comment until I get the actual report on the vacant space. I don't think the three per cent is based on the 50 million square feet. The 50 million includes hospitals and all kinds of buildings; I think the three per cent is based on being a factor of office space.

Mr. Reid: Now, Mr. Gray, help me. You say 50 million square feet is based on office space?

Mr. Gray: No, I say 50 million square feet is based on the total amount of government buildings.

Mr. Reid: Including hospitals.

Mr. Gray: And warehouses, correctional services buildings; everything. The three per cent would be based on office space, the portion of the government's buildings used for offices and the leases. It would be something less than 50 per cent of the full

total. I don't have the figures right off the top of my head, but we can obtain them very easily.

Mr. Reid: What does it cost the province a year for leased space?

Mr. Gray: Right now it's running about \$40 million a year.

Mr. Reid: Would it be fair to say it's costing us maybe five per cent of that, perhaps \$2 million, for unoccupied space?

Mr. Gray: No, I don't think it would be fair to say that.

Mr. Reid: What would it be fair to say, Mr. Gray?

Mr. Gray: On leased premises, we would not have 25,000 or 30,000 square feet vacant across the province in every situation in leasing. We have approximately seven million square feet under lease. But what we're paying for in office space would not exceed 20,000 to 25,000 square feet. Some of that also could be in a transient state. One tenant moves out; it takes some time to plan and alter the space to put another tenant in. That's included in that amount also.

Mr. Reid: I suppose the bottom line, and I'll direct this to the minister, is that in a community such as mine we have a place like Fort Frances where there's a multitude of government agencies all leasing space from different land owners in the area. While I believe in the free enterprise system, it seems to me in cases where it's economical and makes good sense, perhaps the government should be building, to quote a member who is no longer with us, "sort of mini-Queen's Parks"; providing buildings where a number of these government agencies spread throughout the area could be concentrated in one place. This would be beneficial both from a point of view of economy and for the citizen who is in need of government services, who goes to these places and is directed from one end of town to the other, back and forth through five or six different agencies, until he gets so frustrated he goes home in despair.

Have you any comments on that, Mr. Minister? Have you done a cost analysis, for instance, on leasing as compared to building government buildings in these areas? I'm not talking necessarily about the city of Toronto, but in smaller centres.

Hon. Mr. McCague: Do I have any comments? Sure I could comment that the people who are now leasing to the government are probably very happy to do so.

Mr. Reid: Probably ecstatic.

[10:00]

Hon. Mr. McCague: When there is a shortage of capital to build new buildings, probably it wouldn't be a wise move to consolidate. With today's construction costs it would cost more to put up a new building and put them all there. I agree there are certain benefits to consolidation, which definitely would have some advantages.

Mr. Reid: I appreciate that under constraints it is a little difficult to get the money, but I am looking at long-term arrangements.

Hon. Mr. McCague: We will get you more answers on the vacant space, but there are a lot of things in the transition period. I hope you understand that many times when we lease the building we have to lease it less improvements and take the time to do them.

Mr. Reid: I appreciate that.

Hon. Mr. McCague: That figure is included there.

Mr. Hodgson: Would this be one of the reasons we have a three per cent vacancy? The ministry is undertaking a project in our area, a court house and registry office. The family and juvenile court premises has been rented for some time, but I know you will have a lease on it. At such time as the court house and registry office come into being the family court will be moved in. That office space will then be vacant until such time as your lease runs out, or else you can re-rent it. As far as the registry office is concerned, you bought that from the region of York. It is quite a large building, but it is not large enough to accommodate the amount of business for the region of York the southern part of which extends to Steeles Avenue. However, as soon as that new registry office comes into being there will be a large space. That will be part of your three per cent vacancy, trying to relocate services in certain government buildings, is that correct?

Hon. Mr. McCague: That is correct.

Item 3 agreed to.

Item 4 agreed to.

On item 5, information services:

Mr. Ruston: It isn't a very large amount, but I think we should have an explanation of what they do. Information services in governments are pretty wide-ranging things. I'm concerned that this is one area that maybe governments have a habit, and I am not just saying this one, but all governments have a habit of having a lot of information services. However, this seems a rather small amount, there has to be some more somewhere else; but what is this one?

Hon. Mr. McCague: Three people.

Mr. Ruston: What are their duties?

Hon. Mr. McCague: They are responsible for the preparation and distribution of news releases; the preparation and the distribution of the Ministry of Government Services internal publication, which is called Spectrum; the preparation and distribution of the Ministry of Government Services annual report; provision of current press clippings of interest to the ministry; and provision of publicity and public relations services for official ceremonies, special events, et cetera.

Mr. Ruston: These must be all the news releases you send out to each of us. How many news releases would you send out at a time. One is sod turnings, openings; another group is art exhibitions and so forth; then contract awards and tenders. Do you know how many of each goes out?

Hon. Mr. McCague: I have an idea.

Mr. Ruston: I am just wondering, I have that many. I don't know if I have kept them all, but I can just imagine if all the members—and I don't know how many newspapers there are in Ontario, I think there is somewhere in the vicinity of 700, I'm not sure, maybe more—and if one of them is sent to every newspaper in the province, every weekly, and news, radio and members—

Hon. Mr. McCague: I think you would be right.

Mr. Ruston: I'll tell you, Mr. Minister, you could cut off a lot of them. I would be interested to know the total. I would hope that before the estimates are over, Mr. Minister, someone could tell me how many of these news releases are sent out each time. I think that's a reasonable question and I would expect there's an answer for it.

Mr. Hall: You mentioned Spectrum in the work that information services does. You said it's an in-house, or internal, publication. How often does it come out?

Hon. Mr. McCague: Four times a year.

Mr. Hall: Being internal means that it just goes to your ministry's staff, is that what you mean? Is it a morale builder?

Hon. Mr. McCague: Yes; would you like a copy?

Mr. Hall: No thanks, I don't want to wreck your budget. How much does that cost? Can you pick that out of the \$83,000 and know what it costs you?

Hon. Mr. McCague: I don't have it here.

Mr. Chairman: Shall item 5 carry?

Mr. Worton: Just a minute, Mr. Chairman. We slipped by on a comment, and just going

back, I don't want to get into the vote again, but does this ministry have any control over the internal operations of this building, or is it just concerned with the roof, the outside? On the office space, is that left with that Board of Internal Economy?

Hon. Mr. McCague: No, the Speaker is responsible for part of the building and the ministry for other portions.

Mr. Worton: But when it comes to providing offices for members—

Hon. Mr. McCague: It's the Speaker.

Mr. Worton: The Speaker? Then does he direct you people?

Hon. Mr. McCague: He can ask us to do some work for him.

Mr. Worton: Yes. Just by way of comment. I think you should look into the directions you get, because it seems to me that every time we have an election we're duplicating efforts in changing office spaces, walls and partitions. I think it's time we had an office for each of the 125 members that doesn't have to have the partition changed every year. I think the way we're operating now is penny-wise and pound foolish.

Hon. Mr. McCague: I'm glad you agree with me on that.

Mr. Worton: That's all I'll say on it, but I think it's gone on a long time now, from 30 in an office to two in an office, and we're spread all over. I think it would be nice to have something more permanent.

Hon. Mr. McCague: From election to election, you mean?

Mr. Worton: Yes.

Mr. Charlton: On this Spectrum which we were talking about; just for my information, does it provide information to employees on job vacancies within the ministry and other ministries, and on contract settlements and so forth, like some of the other government publications; or is it strictly a ministry propaganda rag for morale purposes?

Mr. Thatcher: The latter; the Civil Service Commission produces a job sheet called Topical Job Mart. We would only be duplicating it if we did the same, so we just simply let the members of the ministry staff know some of the significant things we're doing, and we do it lightly with a few pictures and that sort of thing.

Mr. Charlton: Thank you.

Item 5 agreed to.

On item 6, analysis, research and planning:

Mr. B. Newman: I wanted to ask the minister, when he designed and planned the building in the city of Windsor, who did all

of the analysis and research for it? Was that done by Government Services?

Hon. Mr. McCague: I'll have to turn that question over.

Mr. B. Newman: That's the new provincial public building. It was originally planned in 1959 and finally constructed in 1977.

Mr. Thatcher: Yes. The Ministry of Government Services did plan it, but not under this particular item. This item is management analysis and research. Your question would more properly come under accommodation.

Mr. B. Newman: I'll pass then.

Mr. Charlton: Did the changes in your procedures that are reflected in these estimates, the ones we were talking about earlier in terms of accounting and so on, come about as a result of your own research and planning under this item or from elsewhere?

Mr. Silver: No, these were instructions from Management Board that there was to be a common format for handling programs throughout the government. That is why we had the reformatting. I think if you look through the estimates generally you will see a common sort of format this year. This particular activity was included in main office last year.

Item 6 agreed to.

On item 7, legal services:

Mr. Ruston: I wanted to ask a question here. The estimate is \$382,000. What is the total complement there, the number of lawyers and the number of other staff? Complement zero it says.

Hon. Mr. McCague: We contract our legal services from the Attorney General. That is for 10 solicitors, as I understand it, on loan from the Attorney General. The work done includes legal matters related to property acquisition, leases, expropriations, sale of property, contracts, orders in council, claims and drafting of legislation.

Mr. Ruston: Are these people with you more or less on a full-time basis but actually under the AG's jurisdiction? Their advances and so forth come under the Attorney General, is that correct?

Hon. Mr. McCague: Their advances?

Mr. Ruston: I think this was explained in one of the other ministries; they have legal staff but it's really controlled by the Attorney General. They are seconded, I guess is the word that is used in government, to operate elsewhere. You actually use 10 lawyers in the Ministry of Government Services.

Hon. Mr. McCague: That's correct.

Mr. Ruston: Do you have a staff assisting them. How would they handle their work?

Hon. Mr. McCague: We have 10 solicitors and 10 man-years.

Mr. Ruston: In other words, you don't have any legal secretaries or anything?

Hon. Mr. McCague: Yes.

Mr. Ruston: You do have an office.

Hon. Mr. McCague: Ten person-years.

Mr. Ruston: The ministry charges you this \$382,000 for legal services; and that's just for operating your office or does the Attorney General actually in effect charge you for the salaries of the 10 lawyers?

Hon. Mr. McCague: The Attorney General's charges are under services, \$257,000.

Mr. Ruston: Yes, \$257,000; and then the other is for the operation of the other office.

Hon. Mr. McCague: Right.

Mr. Charlton: Have you requested from your legal services people, and received, a legal opinion on your position in this whole Embassy Management situation?

Hon. Mr. McCague: Yes.

Mr. Charlton: You have. I take it then that it wasn't very favourable in terms of any actions you might take in the future with that particular company?

Mr. Thatcher: That's right. I have asked for an opinion on our liability if we refuse to award contracts to them, because the matters that your complainants have referred to are still under dispute.

Mr. Charlton: I was talking about the future.

[10:15]

Mr. Thatcher: As far as the future is concerned, if these court actions show evidence of Embassy's bad payment record or whatever, we may then be able to take some action. But so far Embassy has a good record because none of these people has yet obtained a conviction.

Mr. Charlton: So, essentially, the legal opinion is that while these cases are pending there is very little you can do. But if, in fact, these cases go against Embassy then you will have some room for action in the future.

Mr. Thatcher: That's right.

Mr. Charlton: That's good to hear. Thank you.

Mr. Chairman: Have you completed, Mr. Charlton?

Mr. Charlton: Yes.

Item 7 agreed to.

Items 8 and 9 agreed to.

Vote 801 agreed to.

On vote 802; item 1, program administration:

Mr. Ruston: Mr. Chairman, you have a program at the proposed Secord Woods School in Lincoln county. It's a pilot project for solar heating and so forth. Has the minister anything to report on that? How are they making out with it? I understand it's a joint project involving the Ministry of Government Services. It says the project will involve the Ministries of Education, Energy and Government Services in building and planning for the conservation of energy and solar heat.

Mr. Thatcher: I don't think that's our project.

Mr. Ruston: Well I am going by a news release dated St. Catharines, May 11, 1977, "Solar Heat Pilot Project", and it says "the Ministry of Government Services"; but maybe you were never informed that you were getting involved in it.

Mr. Thatcher: Sounds that way.

Mr. Ruston: Apparently not, eh? Well, I must say to some extent that sounds like government, you know; sorry to say it.

Mr. Hodgson: That's not the first solar heat pilot project.

Mr. Ruston: Probably not, but it seems to me—what's the matter, Bill, are you a little unhappy over there or something?

Mr. Hodgson: Not unhappy.

Mr. Ruston: Oh, I see; you sound very unhappy. I think you are worried about Joe Clark down in Ottawa. I don't think you should be worried about him, I think he's doing very well right now.

Mr. Chairman: Order.

Mr. Ruston: You sound worried, Bill.

Mr. Chairman: We are on program administration.

Mr. Ruston: So you don't have anything on that, Mr. Minister?

Hon. Mr. McCague: No.

Mr. Ruston: Well that's another news release by government or somebody that never amounted to anything. That's all right, we will forget about that then.

Mr. Worton: What do you mean, forget about it? If it's released why isn't there a report on it?

Mr. Ruston: What's that, Harry?

Mr. Worton: You just don't file it away.

Mr. Ruston: Well there's no money in-

involved in it, so I guess we can't discuss it, can we?

Mr. Worton: There's paper cost.

Mr. Ruston: Is this where we discuss the administration of all your buildings, capital construction and leasing? I am just wondering, Mr. Chairman, if there might be some way or other to put these votes together, or is it going to mean duplication?

Hon. Mr. McCague: It's up to the committee, I am in the hands of the committee. If the committee feels it's more appropriate to discuss the vote in total, it's fine with me. It is just a little more orderly for the Chair to go through it item by item.

Mr. Ruston: Okay; have you ever done anything with the old Burwash institution and property south of Sudbury? I have read reports and so forth, but do you still own it?

Hon. Mr. McCague: Yes.

Mr. Ruston: What is the total acreage of that project?

Hon. Mr. McCague: Thirty five thousand acres.

Mr. Ruston: Are you using any of the buildings at this time for any purpose?

Hon. Mr. McCague: Some of the houses are rented to ministry staff; some of the buildings are being used for storage by other ministries; and we're negotiating with the federal government on part of the field facilities. The Hon. Margaret Scrivener announced last year that the property would go up for tender, but at that time the Sudbury Chamber of Commerce, the people at Burwash and the members in that area, asked that there be a better look taken at the whole thing before it was put up for tender. So the Premier (Mr. Davis) and the ministry agreed that they would look at the optimum use of the property and that process is under way right now.

Mr. Ruston: There is some negotiation with the federal government with regard to an institution, I understand.

Hon. Mr. McCague: That's right.

Mr. Hall: Mr. Chairman, if we're talking about this as a bundle, this—

Mr. Chairman: No, we're not.

Mr. Hall: We're not? Well, all right; regardless of that fact, you're talking about the administration of the program under item 1.

Mr. Chairman: Yes.

Mr. Hall: The program we're talking about is provision of accommodation, either by construction or lease, for ministries. That's the

all-encompassing work that comes under this provision of accommodation, is that right?

Hon. Mr. McCague: What did you say, again?

Mr. Hall: The broad parameters of what this vote 802 does under item 1 program administration, is that it talks about the administration of what it is that's covered in the whole vote; therefore the whole vote has to do with the provision of all accommodation, whether it's through construction of government-owned facilities or lease arrangements that are made.

Hon. Mr. McCague: Right.

Mr. Hall: This gets into the whole area of who you get to do your work, or who you rent from.

Hon. Mr. McCague: Right.

Mr. Hall: How many different architects throughout the province does the ministry employ; that is contract with, people not on staff? And how do you select those architects?

Hon. Mr. McCague: They're selected in rotation.

Mr. Hall: How do you get on the list to be rotated?

Hon. Mr. McCague: Write the minister a letter; no, write the ministry a letter and I—

Mr. Hall: I'm not thinking of any particular firm. I'm just trying to understand how the system works.

Mr. Thatcher: Usually a local firm is hired. If there's a job in St. Catharines, usually a St. Catharines architect is retained for it and so on, so that most of the architects will have their opportunity when a project occurs in their area.

If there are no architects in a certain area, then we'd probably go to Toronto where there are quite a large number of architects, or to a nearby city. If it were close to a city like London with a number of architects, we'd hope to use architects there.

Mr. Hall: At the stage of the architectural selection, do you have any sort of competition or submission, or does the ministry just pick one?

Mr. Thatcher: They are hired on their reputation. As I say, we try to share the work among the architects. If one architect is currently finishing a job for us and another one comes up, he would just automatically not be considered for it.

Mr. Hall: You don't have any other form of competition? It really is, as the minister says, a rotation among those who are in the field.

Mr. Thatcher: Yes.

Mr. Hall: There's no element of competition then?

Hon. Mr. McCague: There have been occasions of competition, I think, in the past; but it's a very costly thing for architects to compete. You are forced, if you call a competition, to cover a good deal of their initial expenses by agreeing to a fee ahead of time.

Mr. Hall: The government is forced to, you mean?

Hon. Mr. McCague: Pretty well.

Mr. Thatcher: If there are architectural competitions, it's usual for the client to pay each of the architects for the submission he makes, in addition to the fee to the successful architect for the work. Toronto city hall is a good example of that. It was an international competition.

Mr. Hall: Yes, it was a competition; but I think the prize went to the winner, not to everybody.

Mr. Thatcher: If memory serves me there was a payment to each of the architects who made a submission.

Mr. Hall: For a certain amount of money, I agree. The architect on the city hall proceeded to get some fees, he just didn't get the prize, I agree. That is a rather special case we're talking about, though.

Mr. Thatcher: Yes, it was special.

Mr. Hall: What about in the administration of the leasing of buildings? Do you use real estate agents?

Mr. Thatcher: No, we don't. We have two ways of leasing. One is that we'll do our own survey of what's available and work from that. The other way is that for a major leasing request we'll advertise, we'll take submissions and then we'll review each of the submissions. Usually we ask building owners to respond.

Mr. Hall: What about on-site acquisitions? Do you use real estate agents?

Mr. Thatcher: No, we don't; we use our own staff.

Mr. Hall: When you're making land assemblies, you mean, you use your own staff?

Mr. Thatcher: Yes. We have appraisers and negotiating agents on staff who do that for us.

Mr. Hall: I was under the impression that LePage's or someone did, say, the South Cayuga assembly. Is that different?

Mr. Thatcher: That's true, but they weren't retained by this ministry.

Mr. Hall: So you don't do all the acquisition then?

Mr. Thatcher: In the case of the South Cayuga assembly, after LePage's had taken options we did the closings. But that was a special case too, that is not the way we normally proceed.

Mr. Ruston: That's for sure, special case.

Mr. Hall: But you're saying that aside from special cases, you do all your own sorting out and searching for space?

Mr. Thatcher: Yes.

Mr. Hall: That must take quite a staff. Do you have a lot of people doing that?

Hon. Mr. McCague: The figure is being looked up. I hope you understand that in the South Cayuga situation the optioning was done for TEIGA by a realtor. When that optioning had been done then MGS was asked to take over from there and close the deals.

Mr. Hall: I started out by saying that you were involved in all of these things to begin with. Now it appears that there are certain special instances where this doesn't happen and it goes via the ministry involved and then to you secondly. Was Edwardsburgh the same way?

Hon. Mr. McCague: Yes.

Mr. Ruston: The Ministry of Industry and Tourism didn't even know anything about that one.

Mr. Hall: Well, it wasn't done by his ministry obviously; it was done, I guess, by TEIGA.

Mr. Ruston: They didn't even ask him.

Mr. Thatcher: If I can give you the answer to your question on the number of staff, we have a complement of 94 in real property acquisition, and that's supported by an additional 53 man-years of unclassified staff.

Mr. Hall: Different ministries, such as MTC, don't come back to you and say, "Here, you lease this for us"; or "You get rid of this for us"?

Hon. Mr. McCague: Yes.

Mr. Hall: They have their own property management department too, I've had contact with them. How does this inter-relationship work, Mr. Thatcher?

Mr. Thatcher: MTC buys its own properties because its right of way purchases, its contiguous strips of property, are very closely tied into the engineering. It's by mutual agreement that it's excluded from our province-wide real estate operations.

Some of the same things apply when they have a small piece of property for sale. It may be just a little triangular piece of a few hundred square feet on the curve of a highway, or something like this. There is no particular point in involving us in it just because there's no great use. Very often those strips of land go back to the adjoining owner because they have limited access. So MTC runs its own operations in most cases.

[10:30]

There are a few of their operations, particularly those associated with buildings or some form of development, on which we will do their real estate work for them. We are looking for a couple of properties now for driver training centres, because they will need some development in urban areas that are not really right of way acquisitions. In those cases, we take them on.

Similarly, if they have a substantial property with a building on it that they want to dispose of, we would probably take that from them and dispose of it for them.

Mr. Hall: It's only when another ministry, having come into property on which it is really certain that it is surplus to its use that it turns it back to you for disposal.

Mr. Thatcher: That's correct.

Mr. Hall: Is disposal a big part of the provision of accommodation—it's like the provision of disaccommodation, is it part of this work?

Mr. Thatcher: Yes.

Mr. Hall: A big part of the work?

Mr. Thatcher: No, it's not a big part.

Mr. Hall: The other ministries don't give you many things, is that right?

Mr. Thatcher: That's right.

Mr. Hall: Because you buy well, you don't—

Mr. Chairman: Would this be an appropriate place, Mr. Hall, to terminate for the evening?

Mr. Hall: Yes. I think there might be more questions on this item that I would like to raise later on.

Mr. Chairman: Fine, then we will adjourn. These estimates will continue Wednesday morning at 10 o'clock. Tomorrow night we will complete the TEIGA estimates.

The committee adjourned at 10:32 p.m.

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 Gray, W. A., Director, Realty Services
 Pencak, L., Director, Program Management
 Silver, J., Executive Director, Administration
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General Government Committee

Estimates, Ministry of Treasury, Economics and
Intergovernmental Affairs



First Session, 31st Parliament

Tuesday, November 1, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

TUESDAY, NOVEMBER 1, 1977

The committee met at 8 p.m.

ESTIMATES, MINISTRY OF TREASURY, ECONOMICS AND INTERGOVERNMENTAL AFFAIRS (concluded)

On vote 1103, economic policy program:

Mr. Epp: Mr. Chairman, there's a point of order I'd like to raise at this time if I may, and that is that on last Tuesday, October 25, I placed a question with the Treasurer. I said, "I have a question of the Treasurer. I guess we were speaking about assessment yesterday, and I guess maybe I wasn't very clear on your comments. Is it clear that the municipalities have all the information on assessment that they can get in order that they can make rational comments on the Blair report or any other report regarding market value assessment?"

And the Treasurer said, "On assessment, yes".

I said, "So they have all the data and it's in an organized fashion, so there's no problem with that?"

Mr. McKeough said, "Yes, I think that's fair, they would say."

I said, "They would say what?"

He said, "They would say they've gone as far as they can go, because what they don't know at this point is whether the system is going to work with 50 per cent assessment on taxes. Therefore on residential property or whether to make it work, we have to make it 49."

I said, "Do you know what formula it is?"

He said, "No, I think it is fair to say, Larry, that they have all the assessment data, they and the school boards."

Mr. Close said, "Basically they have the same data on which to do their analysis as we use ourselves. They're working on the same basis as we are, except when we get to the formula."

Now, on checking with municipalities, I find that that apparently is not the case at all. I checked with two municipalities in the Toronto area, the city of Toronto and one of the boroughs, and we found that their response to our question was that they have summary sheets of total amounts of assessment by class of property. This information

is of no value to them. It doesn't show the impact that market value will have on the borough itself. It won't show any shifts of how it will take place, from the present kind of assessment to market value.

Hon. Mr. McKeough: No, the present kind of taxes to market value.

Mr. Epp: The city of Toronto, on the other hand, found out by the grapevine only three weeks ago that some of this information was available to them on a block by block basis. The city checked with your ministry, and I guess with the Ministry of Revenue. The Ministry of Revenue had the information on tapes and the city were able to get this block by block information. After many requests the Ministry of Revenue finally let them come down and copy it out at the ministry. The ministry wouldn't give them any computerized data or anything of that nature.

They say this is of real value to them, but the other data isn't of real value to them. I asked that question the other day, whether they had all the information that was available to TEIGA, and you indicated at that time they did. Now we have found out that, in fact, apparently they don't have the data.

I have two questions. First, why, in fact, wouldn't they have it? Second, if they don't have it, why wouldn't you tell that it's available and that they have to come down to Toronto to copy it out?

Hon. Mr. McKeough: All I can tell you is that all that I have and all that I want to see at this moment is, I think, essentially what they have. I have not looked at block by block data, nor do I have any intention of looking at block by block data. But for municipality A, I have residential property at \$1 million at the present assessment, and \$5 million at the new assessment. There are 26 categories down the lefthand side of the sheet, and 26 categories down the righthand sheet, and what that assessment will be. That's all I am working with.

Mr. Epp: But wouldn't it be fair—

Hon. Mr. McKeough: As far as I know, municipalities have that same data.

Mr. Epp: But if you take the residential data, that's all in a general category. For instance—

Hon. Mr. McKeough: No, it's broken down if they ask for it.

Mr. Epp: Apartments aren't broken down, nor townhouses.

Hon. Mr. McKeough: It's broken into singles and multiples.

Mr. Epp: Are they told that they can get all this data?

Hon. Mr. McKeough: As far as I know, they can get singles and multiples.

Mr. Epp: Are they told that they can get it?

Hon. Mr. McKeough: What they want, of course, is what the assessment is on their own house and their neighbour's house and on the next street. That's something I think the Ministry of Revenue is not giving them.

Mr. Epp: Why wouldn't they be given this information if it's available?

Hon. Mr. McKeough: Because I think the Minister of Revenue (Mrs. Scrivener) doesn't want to get into a debate about market value assessment before that starts; but that's a question you will have to ask the Minister of Revenue.

Mr. Epp: But just to be fair, I suppose there are some people in the province who would like to see market value assessment. There probably are some administrators in municipalities who would. Wouldn't it be fair to give them this information to show them what kind of an impact it has?

Hon. Mr. McKeough: That's a question you will have to ask the Ministry of Revenue, not me. All I am working with is the totals of the 26 categories before and after.

Mr. Epp: Wasn't the Blair commission—

Hon. Mr. McKeough: All they looked at was 26 categories before and after. I am not sure the figure is 26, but it is something like that.

Mr. Epp: Mr. Chairman, that's not what the Treasurer told us last Tuesday.

Hon. Mr. McKeough: It's exactly what I told you.

Mr. Epp: He told us that he had all the information—

Hon. Mr. McKeough: No, I did not.

Mr. Epp: —with respect to the assessment that was available to you—

Hon. Mr. McKeough: I said all the information that I had.

Mr. Chairman: I think you felt that the record should be corrected, Mr. Epp. I think you have had an exchange—

Mr. Epp: I am sure I wasn't the only one who left this room with the distinct impres-

sion that all the information available to the ministry was available to the municipalities. Now, if the Treasurer chooses to be selective about the information that he takes for himself and his ministry, then he shouldn't have left that impression with us. And that is the impression he left.

Hon. Mr. McKeough: I'm really not looking at the information as to what happens block by block. What we are looking at is the total information—I think it's 26 categories, something like that—we are looking at the totals before and the totals afterwards, the relationship between one and the other, before and after.

Mr. Epp: I don't want to belabour this point too much, but the municipalities were asked to give information, respond to the Blair commission report and so forth, on assessment.

Hon. Mr. McKeough: That's right.

Mr. Epp: And they didn't have all the information needed to respond as fully as they would have liked to respond as far as I am concerned.

Hon. Mr. McKeough: But the information itself is what I said. If I heard you correctly, what I said was that what they would complain about is, "Are we sticking with 50 per cent or is it to be 49 or 51?" And that is a question that I can't answer at the moment. I think that is their biggest hang-up, that or what percentage of business tax will be applied to Category A, B, C, or D.

Mr. Epp: No, I think they would like to know what kind of impact this is going to have on the various areas—for instance, or single-family residences as opposed to townhouses as opposed to semi-detached as opposed to highrises—

Hon. Mr. McKeough: I think they have that, but I'm not entirely sure.

Mr. Epp: No, they don't, Mr. Treasurer. As far as I know they don't. And we've checked with the municipalities.

Mr. Chairman: I think you'll have to pursue this with the Ministry of Revenue, Mr. Epp. The property tax assessment reform item in these estimates has been passed and I think it was just a matter of clearing the record.

May we go on with vote 1103?
Shall that vote carry?

Mr. Sterling: Mr. Chairman, on a point of order. I think at the beginning of this particular committee it was set forth as general guidelines that there would be approximately eight hours for the Liberals, eight hours for

the third party, and four hours for our party. I think to date our party hasn't anywhere approached its four hours of time. Perhaps the Liberals have not used their eight hours either. I was just wondering if there can be some restriction placed on any one area of these particular debates or should we jump into areas that we are interested in right away and not deal with them in specific order?

Mr. Chairman: The times were calculated by the clerk up until our last meeting in which we discussed these estimates, and your party, Mr. Sterling, had 26 minutes in total. The other two parties were roughly equally divided.

Mr. Sterling: Are we going to be dealing with the regional government issue at this point?

Mr. Chairman: The understanding that I had—and I gather that this was a loose agreement between the critics of the two parties—was that we move very quickly to the regional government vote, which is 1105, and spend most of the two and a half hours remaining on that vote. I think that was the thought when we last recessed. Do you want to speak on 1103, Ms. Bryden?

Ms. Bryden: Yes, Mr. Chairman, unless it has already been raised and dealt with. Unfortunately I wasn't able to be present at all the meetings, but if it hasn't I would like the Treasurer to comment on one particular issue. That is the proposal to develop a recreational facility at the Major Mackenzie Drive on Highway 401. Has that been raised?

Mr. Chairman: No it hasn't.

Ms. Bryden: I understand that hearings before the OMB started yesterday—

Hon. Mr. McKeough: Mr. Chairman, I don't like to be difficult, but I thought we'd passed vote 1103, item 1, that we were starting item 2.

Ms. Bryden: No, I don't think we passed it.

Hon. Mr. McKeough: Okay.

Mr. Nixon: That's that Disneyland project that Mr. McKeough is so keen on.

Mr. Chairman: I'm sorry, Ms. Bryden, we have passed item 1. It's item 2, the Ontario Economic Council vote, with which we're dealing.

Ms. Bryden: When did we pass item 1, tonight or earlier?

Mr. Chairman: We passed it on Wednesday last.

Ms. Bryden: I see. I'm sorry then. I can't raise that under the economic council.

Vote 1103 agreed to.

On vote 1104; intergovernmental affairs program:

Ms. Bryden: I wanted to raise the question of Ontario's attitude on the Canada Pension Plan amendments, which—

Hon. Mr. McKeough: I don't like to be difficult but we really did deal with Canada Pension Plan in spades under vote 1102. We're glad to have Ms. Bryden here, but—

Ms. Bryden: Did we deal with the unwillingness of Ontario to permit this amendment—

Hon. Mr. McKeough: Yes.

Ms. Bryden: —which would permit women who are at home to drop out their—

Mr. Chairman: Yes, we did, Ms. Bryden. We dealt with that at some length.

Ms. Bryden: I hope the Treasurer is listening to the arguments and is not going to continue this impractical position which has Ontario putting a veto on the rest of Canada. I think most people regard it as a very desirable thing to assist women to take their place in the work force, and also to fulfil their responsibilities in the raising of children. It's something which seems to have been left largely to women under our present society, and I think we should protect them against any disadvantages they may suffer in the work place as a result of fulfilling this responsibility, Mr. Treasurer.

[8:15]

I think Ontario looks very bad holding up something that is desired by all the other provinces. I don't really think it's going to save you a great deal of money if that is your objective. But I do think that we should consider the wishes of the rest of the provinces and show that we are not a province that wishes to separate on this particular issue.

Vote 1104 agreed to.

On vote 1105, local government affairs program:

Mr. Epp: I'm going to defer to Mr. Bradley.

Mr. Bradley: I take it we're going to take the items together and we're going to discuss the whole area of regional government together, is that correct?

Mr. Chairman: I think that would be preferable, yes. We'll take it together. Having said that, I indicate to all of the speakers that we only have the two and a half hours less 20 minutes now. So bear that in mind.

Mr. Bradley: I will, Mr. Chairman. I'm

going to speak more or less specifically to the experience of the regional municipality of Niagara, except that in many cases what I'm saying about Niagara applies right across the province.

Members who have been around here a while will recall the history of Niagara. The minister will recall—he was minister at that time—that as far back as 1971 a delegation of city council visited the Parliament buildings here in Toronto to—I suppose the word is protest—the implementation of regional government in Niagara.

We had as a source at that time a person who has now assumed a rather prominent position in regional government, oddly enough. That was Mr. Cy Armstrong, who was largely responsible for what we call “the little red book,” which was a brief we presented to the then Minister of Municipal Affairs, Dalton Bales.

Mr. Nixon: Great fellow.

Mr. Bradley: I was just reading again through the summary and conclusions and I find many of the same circumstances exist today. The solution at that time, the minister will recall was that the provincial government provided somewhere in the neighbourhood of \$1 million in terms of transitional grants, which acted as a palliative for a few years in the region. But now we have a circumstance where the transitional grants have run out and the real crunch is coming to the property taxpayer and the various area municipalities within the region.

The first premise we have in regional government, I think, is that there is something called economy of scale. There are those of us who served at the area municipality level who would contend—I think with a good deal of justification—that there is seldom economy of scale, at least in the experience of regional government.

I heard the minister deliver his speech to municipal councillors in Hamilton at that time and one of the problems he indicated is definitely a problem which has yet to be solved. That was when the region came into effect, we had various people leave the area municipalities to accept jobs with the region—naturally at \$5,000, \$6,000, \$7,000 more, for doing basically the same things they were doing in the area municipalities. But because they were to have a larger staff and a so-called larger responsibility, we had the increase in salaries.

What the minister pointed out did not happen, and I think he was quite correct in saying this, was that the various area municipalities did not trim their staffs at the same

time—nor did they trim the salaries of those who apparently would have lesser duties. So this is one problem that we saw in the increasing bureaucracy.

Mr. Hall: They had guaranteed them all jobs, so how could they cut down?

Mr. Bradley: That's right.

Second, and I think this is a problem that exists in a regional municipality such as Niagara where we have diversity—you have large cities, towns and strictly rural municipalities—the financial appetites of those in small towns, villages and rural areas have been increased. It is due to the fact that these people feel they're paying for urban services and therefore should receive them.

Instead of these people being accountable for them, they're paying a very small portion. The larger municipalities, such as St. Catharines, Niagara Falls and to a certain extent, Welland, many of which have developed their own services, are now being called upon to pay for these services for these other areas. I know the member for Lincoln will be unhappy about this, but the major urban municipalities and the people within them are being called upon to pay for those services for these other areas. We do not have that kind of what we call financial accountability.

You can mention that there's an elected regional council. The minister again will recall in the representations that were made to him in the early 1970s and to Mr. Bales that the city of St. Catharines for instance was left short-handed in terms of representation. Originally the regional council was to have 24 members. However, a very influential cabinet minister in the region arranged it so that certain other municipalities would have an extra member.

Mr. Nixon: John Smith.

Mr. Bradley: No it wasn't John Smith, it was the then new Minister of Culture and Recreation (Mr. Welch). Therefore we now have a 28-member council, many of whom come from rural municipalities and have the real clout, while those who come from urban municipalities do not have it. As a result the taxpayer of the region is being asked to provide services in these areas. We don't have the provincial assistance—and neither should we have the provincial assistance, may I say to the minister—we should not have that kind of massive financial assistance from the province to provide services where they don't belong, in terms of rural areas.

We still have duplication and split services, where we have two planning departments, two engineering departments and various

other—two clerks departments and so on. While the duplication has been reduced, you still have some duplication of effort and duplication of heads of departments and so on.

We have sewerage rates and water rates which are not being based on a systems approach, which would be sensible, and I think in line with the thinking of the minister. I don't like to presume that I'm enunciating his thoughts on this basis but the systems approach makes economic sense, because it means that those who actually receive the services are those who are going to pay for them.

Unfortunately because of the legislation that exists we have regional rates—for water for instance, in the city of St. Catharines, if my memory is correct. From the beginning of regional government to the full implementation in 1978 the regional water rate, or the rate for which the city would pay for wholesale water, would have increased 832 per cent.

I think it can be fairly pointed out that this is not all attributable to the region by any means. Some of it would have happened because of improvements, although most of those improvements were not for St. Catharines, and some because of inflation. But a significant portion of that increase was because of regional government and the ability to set regional rates in terms of water and of sewerage rates.

Hon. Mr. McKeough: I disagree with that.

Mr. Bradley: You might well do so, but you'd have a difficult time—

Hon. Mr. McKeough: You disagree with regional rates?

Mr. Bradley: I disagree with regional rates—Sorry, I misinterpreted you. I disagree with region-wide rates, I believe we should be working on the systems approach.

That brings us to the fact that the region is too big—

Hon. Mr. McKeough: It's a new definition of systems, but that's an interesting—

Mr. Bradley: What I mean by systems is that you would get together those municipalities which would logically be together and already have to a certain extent developed systems. In this particular case we think of Thorold and the city of St. Catharines which for years before regional government shared some services and, I must say, were able to make agreements without the iron fist of the region standing over top of them dictating the terms; they were able to make reasonable agreements between those two municipalities. This is what I am talking

about when I say five systems—even breaking it down into five separate municipalities so that you have services based on the characteristics of the particular area—your rural municipalities together, certain urban municipalities amalgamated together.

We also have the problem—and this is not the fault of the minister or perhaps the provincial government so much, except in the original structure—of a glorified county council where there is a lot of back scratching going on and, unfortunately, some of the decisions are being made at the other end of the Niagara Peninsula—

Hon. Mr. McKeough: Does that mean decisions are not being made by St. Catharines?

Mr. Bradley: That means that St. Catharines is not benefiting by them and not participating in the back scratching.

Mr. Hall: You don't mean Caistor Centre?

Mr. Bradley: I wouldn't want to say Caistor Centre. What I am pointing out is that many of the decisions have gone against the city of St. Catharines. I really can't blame the minister for that. Even with the proper representation by population, we would still be out-voted. I merely point out that the back scratching goes on among the other municipalities and to the detriment of the city of St. Catharines and perhaps of other urban municipalities that I can't speak for at the present time.

Mr. Nixon: Like Dawn township in Kent.

Hon. Mr. McKeough: Dawn is in Lambton.

Mr. Bradley: Mr. Chairman, we also looked at the problem associated with what I talked about in financial accountability—the loss of local control. As a municipal councillor, when people used to call me up about problems such as a major arterial street like Scott Street in St. Catharines, I would have to tell them to phone the mayor of Wainfleet or the mayor of Port Colborne because he had more control over that particular street than I, as a municipal counsellor. I use this only as a small illustration of the lack of accountability that exists under regional government.

Hon. Mr. McKeough: What does St. Catharines have on the regional council?

Mr. Bradley: Six members.

Hon. Mr. McKeough: Out of?

Mr. Bradley: Out of 28.

Hon. Mr. McKeough: Okay. Wainfleet has one as I recall.

Mr. Bradley: Yes.

Hon. Mr. McKeough: It speaks for the quality of the representative from Wainfleet.

Mr. Bradley: You must know the gentleman, Mr. Minister.

Hon. Mr. McKeough: No, I don't.

Mr. Hall: He is a Liberal.

Hon. Mr. McKeough: He must be a very sensible guy. He runs St. Catharines with six votes.

Mr. Bradley: We also noticed—and I suppose I should pursue this more so under the Solicitor General's ministry—a substantial increase in the costs of policing in the region, although it's a total cost of regional government. We also noticed—and, again, I am speaking for one urban municipality in this particular case—that as far as servicing the city of St. Catharines alone is concerned, the regional police force simply doesn't do a better job than a local force. It may do a better job in certain other areas of the region, but we can't say that it does in the city of St. Catharines. We have lost that local contact of the local policemen on the local beat.

Once they become a part of the regional police force, they decided it was no longer their job to be ticketing people who are illegally parked and so on. Perhaps that is so, but that has not been reflected in transfer of payments from the province to cover those kind of policing costs.

Perhaps I could get a comment from the minister on a statement that appeared in tonight's edition of the St. Catharines Standard by Mr. Red Hatch who is the chairman of finance of the Niagara region and certainly a power to be reckoned with in the Niagara region.

Hon. Mr. McKeough: Where is he from?

Mr. Bradley: He is from Welland.

Hon. Mr. McKeough: A rural area?

Mr. Bradley: That is a smaller city in the region. He has stated in a newspaper report—

Hon. Mr. McKeough: Does he have four votes? Four, and St. Catharines has six and Niagara Falls has—five?

Interjection.

Hon. Mr. McKeough: That's 15 out of 28 right there.

[8:30]

Mr. Bradley: Mr. Hatch suggested—and it was reported in the newspaper so we don't know whether it is accurate or not—that the region will determine the priorities of area municipalities. It was always my understanding that the only outside group to determine priorities any more was the Ontario Municipal Board, which seems to get involved in priorities—which I disagree with, as well. He suggested in his remarks that instead of just controlling the amount of capital debt that his committee in the region would start dic-

tating the kinds of projects which would be ineligible for further capital financing.

Would you say that that is correct—that the region would have that power to determine the priorities?

Hon. Mr. McKeough: Effectively, yes.

Mr. Bradley: Well, when you say effectively, why would you not say—to throw a figure out—that they approve \$10 million in a particular year and that the area municipalities would then determine how that \$10 million would be spent?

Hon. Mr. McKeough: Because the region is probably going to spend \$5 million out of the \$10 million.

Mr. Bradley: Look at it strictly in terms of those projects which the city would put forward; let's say the city put forward five different projects in five different areas—

Hon. Mr. McKeough: I'd sooner have decisions being made by the region than I would by Queen's Park.

Mr. Bradley: I would sooner have neither.

Hon. Mr. McKeough: I am gathering that from what you are saying. I reject about 99 per cent of what you are saying.

Mr. Bradley: No doubt.

Hon. Mr. McKeough: What you are really saying is that, in your view, St. Catharines should be a city-state unto itself, that it doesn't have any interdependence on the rural areas around it and whenever it's ready it can go into an annexation—

Mr. Haggerty: There is no rural area there, Darcy.

Hon. Mr. McKeough: —battle and take up the fruitlands and expand where it wants to expand. The fact that it could not annex Thorold, or that Thorold did not want to be annexed to St. Catharines, is something you've overlooked. But as long as St. Catharines can do exactly what it wants, then it would be an ideal region. I reject that concept.

Mr. Bradley: No, that's what you have said. That is not what I have said.

Hon. Mr. McKeough: You have only to go back to St. Catharine's private bill to see how St. Catharines wanted to get out of anything that was irksome but wanted to leave health and welfare, in particular, which were the costly expenses, with the region.

Mr. Bradley: I don't for a moment contend that there was a serious effort to withdraw from the region.

Hon. Mr. McKeough: It was a private bill.

Mr. Bradley: It was more to draw the attention of the ministry which hadn't paid any attention.

Hon. Mr. McKeough: It was a private bill.

Mr. Bradley: Yes, but the Ministry of Municipal Affairs had paid very little attention to the city of St. Catharines until we asked for that private member's bill; until we circulated that resolution around the province about regional government we had very little action here.

Hon. Mr. McKeough: That resolution really knocked the rats right off the rafters. It really did. It shook us all up.

Mr. Bradley: As soon as that publicity was focused here in Toronto we started to get action out of Toronto; we got the \$1 million just before the 1971 election.

Hon. Mr. McKeough: I've heard your views on everything; what we are trying to do, as I understand it, is find out how we can do things better. I'd be very interested in your views as to what you think should happen in the Niagara region and how it could be improved.

I've heard your criticisms and I am very interested in them, but I would be very interested in hearing how it could be improved. I've heard one—that you think that St. Catharines is under-represented, and I don't particularly quarrel with that. I suppose a solution to that is to amalgamate Wainfleet or West Lincoln with something else so that we get some sort of meaningful representation by population.

I would not endorse that particular point of view. I think that, inevitably, the larger areas will probably always—as they are in the provincial Legislature—be somewhat under-represented in terms of a population; but in terms of geography and history that isn't the worst thing in the world. I would be very interested, beyond that, in hearing your views as to how the region might work better.

Mr. Bradley: One suggestion that we had hoped Mr. Archer would look at was a redrawing of the boundaries to such an extent that—

Hon. Mr. McKeough: What would your suggestion be there?

Mr. Bradley: —instead of one large regional municipality we might have, for instance, four municipalities which would all be viable. I am not prepared to draw the specific boundaries of those. I think that is a matter of negotiation—and that's reasonable.

Hon. Mr. McKeough: So you want to split Niagara into four.

Mr. Bradley: Four or five municipalities. That is correct.

Hon. Mr. McKeough: Okay.

Mr. Bradley: The ramifications of that

should be considered. I don't think that was considered by the commission, as one particular example. I think that since we now have—

Hon. Mr. McKeough: Of which St. Catharines would be one?

Mr. Bradley: Call it what you want. You might call it Thorold.

Hon. Mr. McKeough: Oh, that's interesting.

Mr. Nixon: There's Grimline, a combination of Grimsby and Lincoln.

Mr. Bradley: You might call it something else. I'm not putting a name on it. I am suggesting that with the redrawing of boundaries—and I realize people think of a systems approach in different ways—you might then be able to evolve what we define as a systems approach to providing services. Urban municipalities would receive, in essence, urban services and rural municipalities would receive rural services; and both would pay accordingly instead of one paying for the other.

Hon. Mr. McKeough: Whenever the urban municipality was ready to expand it would just walk in and—

Mr. Bradley: No, I am not suggesting that that would happen. In fact, I am one who for years has fought the expansion. It was some of the strong members of your party on the St. Catharines city council who wanted to branch out into the farmlands of the area. It was not me. I don't advocate that, by any means. That is not one of the designs that we would have. I realize that, in past years that has been one of the goals pursued by some.

I think a number of problems could be solved by breaking the region down into these areas and providing specific services. For instance, Mr. Archer suggested there should be a regional transit system which you, as Treasurer, would know to be almost a disaster in the amount of money that would have to be provided—and, presumably, from the province because the property taxpayer is certainly not going to be prepared to pay.

What I look at in this circumstance is that within an urban municipality such as St. Catharines there is a deficit of almost \$1 million in transit. If you were to have a region-wide transit service, no doubt the mayor of Wainfleet and the mayor of Pelham and so on would say that they would want to get in on the transit system. Therefore, we would be subsidizing an even more uneconomic transit system.

I am suggesting that by breaking it down into these four or five municipalities—or, at least, considering it—they might have viable transit systems, viable sewerage systems, viable water systems instead of what we have at the present time.

Hon. Mr. McKeough: Greyhound?

Mr. Bradley: No Greyhound.

Mr. Chairman: Have you completed your remarks, Mr. Bradley?

Mr. Bradley: Yes.

Hon. Mr. McKeough: I think I have interjected my answers.

Mr. Warner: The minister of interjections.

Hon. Mr. McKeough: No, I reject the concept that you can put a neat little wall around an urban municipality and say "That's it. We have no responsibility for a larger area." I reject that.

Mr. Bradley: I remind the minister that he said that, I did not. That is what he inferred from my remarks.

Hon. Mr. McKeough: I would be interested to know how you would link everything together, probably with some sort of planning board which really hasn't worked.

An hon. member: Anywhere.

Mr. Wildman: With Lincoln.

Hon. Mr. McKeough: That's right.

Mr. Sterling: Mr. Chairman, I want to draw attention to the Mayo report which has tried to recommend certain things to improve the regional government in the Ottawa-Carleton area.

Mr. Haggerty: He made a bet with the Niagara region.

Mr. Sterling: On reading the report, I think that it has some positive aspects to it in that it recommends specific things that should be done with regional governments. It has therefore, evoked a response from many of the interested groups and citizens in the area. At least, in my view, that is the positive part of this report.

There were also some negative things in the report. Before I go into those, I would like to ask the Treasurer if the response to the report as it now stands has been significant to his particular office.

Hon. Mr. McKeough: Mr. Farrow is here to speak specifically in terms of a tabulation, but I think the significant response has only come from two places to date, and those are Rockcliffe and Manor Park.

An hon. member: Goulbourn.

Hon. Mr. McKeough: I don't think so. Interjection.

Hon. Mr. McKeough: In terms of briefs? The briefs are coming in. The city of Ottawa is sending two, so I am told. But in terms of letters, mainly from individual response—I am sorry, I should have just differentiated the two. Yes, Goulbourn and Rockcliffe Park, formally.

An hon. member: And the board of education?

Hon. Mr. McKeough: Yes. Individually only from those two areas, though, I think.

Mr. Sterling: One of the faults of the report and perhaps one of the reasons that you didn't receive more individual responses, in particular with regard to boundary changes in Goulbourn, arises, I think, from the lack of economic impact of the implementation of the change of boundaries.

I would like to know, and maybe the Treasurer could inform me, what the timing will be with regard to his part of the report, in terms of reviewing the report and then coming forward with a government position.

As I understand it, and I think it should be spelled out clearly: the Mayo report is not the government's position at this time. I would like to know how you are intending to proceed and what the timing on it may be.

Hon. Mr. McKeough: There is no definite timetable. Although they came in at different times, and although we set different timetables for responses to Archer, Mayo and Robarts, we have within the department rightly or wrongly tried to stream them along the same path. Obviously if all three had said ambulance services should be a lower-tier responsibility, which I think none of the three said, we might try to co-ordinate that decision with respect to all three. There are some common threads through them.

So at the staff level we really are looking at all three simultaneously. They are different people but we are trying to co-ordinate them and we are also trying to co-ordinate the responses of other ministries of the government to the reports.

So a timetable would probably be a preliminary if anything before the end of the year—and a more formal response dealing with specifics, individual to the three reports, would appear in January or February.

I don't want to put green paper or white paper names on this, but there will probably be a statement in January or February of what the government's response is. Give a kick at the cat that way leading to legislation, if there is to be legislation, some time in the spring, which would make implementation of whatever it was for their year beginning January 1, 1979, with elections on that basis

in the fall of 1978. But I haven't a precise timetable.

We had the very first meeting, really, this afternoon. I see all the responses and the letters as they come in, have a look at them, and they go down into the system. They will come back up to me when we have all of them or nearly all of them, and we will get down to them. We had a very preliminary meeting on the three of them this afternoon for an hour, just among the staff, to see about a problem and as to how the three were being dealt with together. But my guess is that we would not have a formal response until January or February.

Mr. Sterling: Because of the structure of the Mayo report in particular—I am more familiar with it than the other two reports—is there going to be any additional financial data available to the municipalities involved so that they can better understand the implications of the boundary changes?

[8:45]

Hon. Mr. McKeough: It's not only just boundary changes. There could be other shifts which could affect financing. If the commissioners each did a little bit of work in a preliminary way we would be doing more and we would have some idea of the impact of any changes that we're recommending. I think it is fair to say that despite everything one would read in the newspapers—and I am now looking at one more than the other two—the impact of the changes recommended in the three reports is minimal in relative terms.

As an example, I would point out that there is a mailing campaign now going on in a part of Toronto about education taxes which says if such and so happens, the end of the world is going to be an increase of \$32 on your tax. When the average tax in Metropolitan Toronto is probably \$600 or \$700 and something—\$32 is not necessarily all that earth-shattering.

Mr. Warner: Unless you can't pay the extra \$32.

Hon. Mr. McKeough: Unless you're paying \$32 too much now, and maybe some people are. Maybe some people are.

But I don't think that any of the recommendations in the three reports would produce dramatic financial changes. I'm going out on a limb saying that because we haven't got all the data to back it up. But just to use Metropolitan Toronto as an example, the assessment on the Toronto-Dominion Bank in downtown Toronto, through the combination of the education grants system, the resource equalization grant minimally and a few other things, is really spread throughout

Metropolitan Toronto. Depending on the quality of the administration or the level of service provided, whether you live in Scarborough or whether you live in Cabbagetown or in Rosedale, the level of taxation is not going to vary all that much. Obviously, you could write a story about \$32, but in percentage terms it is not all that great, because the grant system and the equalization system, imperfect as they all are, tend to equalize or minimize a lot of those things.

The answer to your question is: Before we would recommend any drastic boundary changes, or coincident with them, we would be looking at the financial impact as well.

Mr. Warner: Mr. Chairman, isn't the minister saying that there is a vacuum? We don't have the figures. Whether it's the Archer or Mayo or Robarts report, we do not have the financial figures which we require in order to make intelligent decisions about these financial relationships vis-à-vis the municipalities or the boroughs and the province of Ontario. I think that's what the member for Carleton-Grenville was talking about. We need those figures before we discuss alternatives.

Hon. Mr. McKeough: The board of education obviously has them, because it has a massive mailing campaign about the \$32. So it must have figured it out. The hand-out is sent home with every school child, too.

Mr. Warner: This is true. I didn't do it.

Mr. Sterling: If I may get back to the school board question, are you, as Treasurer, going to deal with the restructuring of school boards, or is it going to be the Minister of Education (Mr. Wells) who deals with that particular issue?

Hon. Mr. McKeough: Primarily the Minister of Education. Very much so, the Minister of Education.

Mr. Handleman: Why would you even consider, in the Mayo report, a complete restructuring of school boards within the jurisdiction?

Hon. Mr. McKeough: We didn't ask for it.

Mr. Handleman: I know you didn't ask for it. Why don't you say, why doesn't the Minister of Education say, that this is beyond the terms of reference of the Mayo commission, that it will be dealt with somewhere else?

Hon. Mr. McKeough: Somewhere in the terms of reference of any commissioner is the phrase "and anything else that might occur to him."

Mr. Handleman: Yes, but that's not muni-

cial government. Let's face it. That's subservient.

Hon. Mr. McKeough: I think it's hard to draw that line. Mayo, for example, recommended—the member for Prescott and Russell (Mr. Belanger) has left so I can mention this—that Russell should be brought into Ottawa-Carleton. One would think, realistically, if you were going to bring Russell into Ottawa-Carleton you would also bring it in for school purposes as well, although that does not always happen. So I think it's hard to draw that line.

Mr. Handleman: That's a part of the recommendation.

Hon. Mr. McKeough: I agree.

Mr. Sterling: The question then comes, Mr. Chairman, as to whom do these people direct their complaints?

Hon. Mr. McKeough: To me. Then I send them all to the Minister of Education.

Mr. Sterling: So do you have any idea of what kind of timetable the Minister of Education would be dealing with, if he were going to deal with this particular matter? Or would this be only a question that he could handle?

Hon. Mr. McKeough: Yes. You should ask him his timetable rather than asking me. In the three pieces of legislation which may come forward from those three reports, I doubt that there will be anything in my legislation dealing with education.

Mr. Makarchuk: Why don't you say there won't, Mr. Treasurer, instead of saying you doubt that there will?

Hon. Mr. McKeough: I say that rather than being unequivocal. If, for example, Russell were brought in, then the Minister of Education might say: "Would you look after that in your legislation?"

Mr. Warner: You said, "No." Mr. Chairman, would you run over that again? In your legislation, you are not going to deal with the boards of education of those respective municipalities which come under the purview of those three reports that were mentioned? Is that what I'm given to understand?

Hon. Mr. McKeough: Let me use a more local example. Supposing the government agreed with the recommendations of Mr. Robarts with respect to Scarborough and North York. Municipally, I would think that you then would want to realign the boards of education as well.

This is why I can't give you a complete no, because Metro education at presently is dealt with in the Metro Act. Mr. Wells might

well say to me, if you are in agreement to make those changes in the Metro Act, which would be in my legislation rather than his although he has amended it, my guess would be, if that did happen, and that's a big "if," that he would bring in his own Metro Act to handle education and I would handle the municipal side, both of which could end up in the same bill.

Mr. Warner: With respect to the Metropolitan Toronto school board?

Hon. Mr. McKeough: Yes.

Mr. Warner: And the bill would be yours?

Hon. Mr. McKeough: No, my guess would be that there would be two bills, both pertaining to the Municipality of Metropolitan Toronto Act, one dealing with municipal and one dealing with education. That is right off the top of my head, but I would think that's the way it would happen. But, if there were minor things—supposing we moved some blocks or something—then in my bill I might make some reference to education rather than having two bills. That's why I can't completely say I'll have nothing to do with it.

Mr. Warner: Okay. Fair enough.

Mr. Sterling: Mr. McKeough, in dealing with the Mayo report, are you going to deal with the school boards in that particular case?

Hon. Mr. McKeough: I'm not, no. Mr. Wells will.

Mr. Sterling: So any remarks that the school board may have should be directed to Mr. Wells, and any remarks that any parent groups and so forth have should be directed to him also? We've been having a great amount of confusion with the parents and the school boards as to who is going to handle this situation. I was at a meeting last Thursday night with a group from the Carleton separate school board who had a meeting of 250 concerned parents about the amalgamation of the Carleton separate school board with the Ottawa separate school board. They don't really know to whom to go.

Hon. Mr. McKeough: The answer to your question is that they should go to Mr. Wells. I've had a number of letters. I haven't got a response here, but when we answer them, we say in effect, "Thank you for your views, I'm sending them on to Mr. Wells."

Mr. Sterling: Thank you very much for your comments in that area.

The other area that I wanted to comment on is: There are two significant boundary changes in the area which I represent. Firstly, under recommendation 3(a) of chapter 8, the report called for the creation of a new

city, which takes a portion of approximately 7,000 people out of the Glencairn area and groups them with some of the township of March and the township of Nepean. I have received responses both pro and con to that particular suggestion.

An hon. member: Mostly in support of it.

Mr. Sterling: The township of Goulbourn actually supports it. So do the rural rate-payers. However, the people within the area concerned are really of mixed minds, and I think probably—

Hon. Mr. McKeough: Of Goulbourn?

Mr. Sterling: Yes, of Goulbourn. They are of a mixed mind because I think they really do not understand the financial implications of what they may be getting into.

It is significant that one of the councillors, Don MacArthur, in the dying moments undertook to do a survey. The result of that survey did show that a majority favoured staying in the township of Goulbourn. I do not know whether that was because of a lack of information or otherwise. There were a significant number who were also in favour of going with the new city concept.

The other recommendation that is dealt with in that report, which concerns my riding of Carleton-Grenville, deals with the joining of the remaining part of Goulbourn with the township of Rideau. I am sure you are well aware that both of these areas just had amalgamations in 1973. The township councils have only solidified their position in the recent past. The township of Rideau I think in the past month has just passed its implementing zoning bylaw on the plan. So they are really getting along the road as far as a municipality goes.

There is a great opposition to this, mainly because the geography of the new township would be pretty unworkable. You would be dealing with a 35-mile township and the townships claim it would be extremely difficult to give it good government from that point of view. Also, there is a great historical significance to the township of Goulbourn and the people living in the old townships of Marlborough and North Gower.

I think a significant point is the weakening of the rural voice on regional councils, if this merging occurs. Both of those townships have a representative on regional council and it has often been relayed to me that these rural townships feel they are supplying the gravy, the resources, for the city people. The township of Rideau has a regional forest in it which takes up about one-third of the township. They are supplying a lot of the recreational and hard services for the regional area

and they feel that their representation, if eroded, would further hamper any decisions that were made at the regional level. I wish you would take that into consideration, as well as the population factor that you may be dealing with, when you are thinking of changing boundaries.

Lastly, and moving away from the significant part of the Mayo report recommendations, I think it is most important to point out that these rural townships have had a very high rise in the regional levy to the townships in the past five years. The township of Rideau, where I happen to reside, had an increase of 23 per cent regional levy this year. The levy has doubled in the last five years for our township and for some of the other rural townships. This probably arises from the fact that the equalization factors were frozen in 1971 and that the rural townships have not grown in assessment as fast as the more urban areas.

Also, the region is probably providing a higher level of service than is really required or desired in the rural areas. The regional roads are probably up to a higher standard than is necessary.

[9:00]

Mr. Wildman: It's not like that up north.

Mr. Sterling: It is in certain areas in our rural townships of the region.

Mr. Wildman: We've even got highways that wouldn't pan out with your roads.

Mr. Sterling: I wanted to ask the Treasurer if there is any consideration in any of this legislation to try to equalize the administrative costs of regional government which are not directly related to the rural areas.

Mr. Haggerty: Wait until Mayo gets through to you. It will be twice as high.

Hon. Mr. McKeough: With respect to the Goulbourn people who are not enthused about going into March, first of all—or into Rideau—

Mr. Handleman: They don't mind March—that's my riding. They wrote all those nasty letters about Rideau.

Hon. Mr. McKeough: The quality of representation.

Mr. Handleman: They can always come into March.

Hon. Mr. McKeough: I accept what you have said, Mr. Sterling, and that all goes in as grist to the mill.

Mr. Warner: That's quite a mill.

Hon. Mr. McKeough: Before a decision is made, there will be a lot more studying done. I'm really a long way from even thinking about it, let alone deciding.

With respect to the second part of your question, it ties in with tax reform. The confusion in West Carleton—to some extent in Rideau but more particularly in West Carleton—I don't think will be fully resolved until we have some sort of uniform assessment and probably the tax reform which goes with the assessment.

In fairness to both West Carleton and the City of Ottawa—and I'm not being critical when I say this—the situation is so clouded and confused because of the exempt federal property that it is very hard to prove anything to anybody that there is equity.

The people in Ottawa would feel, obviously, that they are not receiving their just due from the federal taxpayer on behalf of the amount of federal property which is within Ottawa and which is not paying at full rates—nor are we. So I'm not saying this is any partisan way.

The figures in Ottawa-Carleton don't compare with anything else because of the magnitude of the exempt property. By the same token, in the rest of Ottawa-Carleton—people in West Carleton, for example—feel they are paying for, and perhaps are, part of an administration which includes a whole lot of exempt property for which there is a charge against the city of Ottawa and for which West Carleton receives part of the credit in the regional levy. But it isn't enough.

I would not try to suggest who's right and wrong in that. What I am suggesting is that until we have a uniform basis of assessment and a uniform basis of taxation and levy and equalization—not equalization. What's the word I'm looking for?

Mr. Warner: How about a uniform mill rate?

Mr. Wildman: Payments in lieu.

Hon. Mr. McKeough: Uniform apportionment—or an apportionment based on a uniform factor. Until we have that, we'll never be able to prove anything to anybody. They may all feel equally hard done by or they may all feel equally benefited. I don't know. Probably the former.

But to try to justify an apportionment in Ottawa-Carleton because of that mass of federal property is probably the most difficult thing that I would think we would have to do. Is that a fair statement?

Mr. Warner: You are not going to do anything?

Interjections.

Mr. Chairman: Order, order.

Hon. Mr. McKeough: The question is am

I not going to do anything. If there were not uniform assessment and uniform tax reform in Ottawa-Carleton, then I think we would have to find some other solutions. I'm not sure they'd be well accepted, but I think—

Mr. Warner: You don't accept what Mayo said in terms of that uniform assessment?

Hon. Mr. McKeough: Uniform apportionment?

Mr. Warner: Yes. He applies the uniform mill rate, and divides the city into two parts. You don't accept that?

Hon. Mr. McKeough: We want to think about that a lot longer. But I'm not really entranced with it. I think that's to some extent—and you won't appreciate this—but that's one of the bad features of what we have in Metropolitan Toronto education at the moment.

Mr. Warner: I will accept that.

Hon. Mr. McKeough: The mill rate is essentially set by the school boards who want to spend—I'm not sure whether it's the most or the least, but they're not setting their own mill rate based on their own needs.

Mr. Warner: Okay.

Hon. Mr. McKeough: I think what Mayo is suggesting in Ottawa-Carleton is not dissimilar to that situation. In other words, I don't think you should remove local responsibility completely. You can equalize on the basis of spreading the Toronto-Dominion Bank around Metro, but I must say that I'm not enthused about a uniform mill rate as the end result.

Mr. Sterling: Yes, Mr. McKeough, though the fact remains that you have such a differentiation in the increase in the present ages of the regional levies. For instance, this year I think the township of Nepean had a four per cent increase in their tax demand levy from the regional government. The township of March I think had nine per cent; the township of Rideau had 23 per cent; the township of Osgoode had I think 18 per cent.

How do you explain to the people the reasons for these differences? It may be that it's a very complicated thing. If we're not going to get into market value assessment or into some better assessment system, then there should be something done in the interim so that it is more equitable.

Can you answer to me whether or not you are willing to do anything in the interim until market assessment comes on stream, if it ever does?

Hon. Mr. McKeough: I would hope I knew where we were going before I did something in the interim.

Mr. Warner: No one knows where you're going.

Mr. Handleman: Mr. Chairman, before you continue on, I understand that my colleague did ask you about the allocation of time in this committee. It seems to me that the amount of time that has been allocated to spokesmen from our party is the time remaining in the committee. I'm just wondering whether we're going to have an opportunity to use it. If there has been overuse by other members of other parties of their share of the time—

Mr. Nixon: Were you afraid to get the floor?

Mr. Handleman: No, I've been here.

Mr. Nixon: Hanging back or something?

Mr. Handleman: I've been here.

Mr. Chairman: Mr. Handleman, you're on the list. Mr. Wildman and Mr. Miller and then yourself. Any members from the government party who have wanted to speak have had ample opportunity; that's up to you. I can assure you you're on the list.

Mr. Nixon: Point of order, Mr. Chairman. Are we supposed to adjourn for a vote?

Mr. Chairman: Yes, at 9:15.

Mr. Nixon: All right.

Mr. Hall: Will the time of the vote be added to the length of the estimates?

Mr. Chairman: Yes, it will. Mr. Wildman.

Mr. Wildman: Mr. Chairman, I won't be very long. All I want to get is a little bit of information.

I'd like to ask some questions about Sault North. Without going into a great deal of detail, I think the minister is familiar with the area to some extent and with the problems there.

There is a study being carried out right now under the aegis of the Sault North planning board which is appointed by the Minister of Housing regarding the possibility of municipal organization in the area. I'm wondering if the minister is aware that the consultant, Mr. Hardy, has suggested on a number of occasions at public meetings, that he would anticipate it might be the desire of the government—if it were to go ahead, whatever the final recommendation, with some sort of organization for the whole area or portions of it—to introduce a special bill in the Legislature.

I am wondering whether that is just his

feeling or whether that is the feeling of the ministry, or would there be an opportunity for a municipal board hearing for the local people from the various communities in the area to express their positions, either pro or con, on whatever the final proposal is.

Hon. Mr. McKeough: I honestly can't answer that. I think Mr. Hardy has probably picked up some of what we have said about the expense of the municipal board hearings, where we can see a substantial amount of agreement or consensus, or a lack of agreement or consensus, but still the need to do something. I am not saying this is applicable to Sault North.

Mr. Wildman: No, I understand.

Hon. Mr. McKeough: Then, your time and my time, in terms of passing the legislation, is worth very little. If there is substantial agreement or a real concern that something has to be done, then it might be desirable to avoid a municipal board hearing. To some extent we would hold that out as a carrot rather than as a threat. We don't hold it out as a threat.

Mr. Wildman: Right now I have received a number of letters, about 40 or so in the last week or so. I imagine there is an organized letter-writing campaign on, and I think they have also been directed to the Sault North planning board and to the Minister of Housing (Mr. Rhodes). They ask for a hearing, if there is to be any kind of final proposal.

Hon. Mr. McKeough: Until we get his report, we won't make that decision.

Mr. Wildman: Mr. Chairman, if I could have the opportunity of using a few minutes after we come back I would appreciate it.

Mr. Chairman: Mr. Wildman, we can go on for a few moments. I just had word that we should continue until the whips come in and notify us to go up to vote.

Mr. Wildman: What the Treasurer is saying is that as far as he is concerned that's really just Mr. Hardy's anticipation of what might happen.

Hon. Mr. McKeough: Yes, but it's reasonable. He's throwing out both options.

Mr. Wildman: Okay. I understand that already the small community of Searchmont, which is off the main highway some distance, has already expressed its feelings that it would not like to be brought into a municipality as large as that. They have suggested that perhaps they might go for something suggested and rejected at the time Bill 102 was being discussed in northern Ontario. That was some kind of community council.

So there certainly is a large amount of dis-

cussion in the area about the pros and cons of the whole matter and whether or not the full area should be organized or a portion of it, rather than one full organization for the whole area. Then, of course, there are people who are opposed to the whole idea, and others who want it. I don't know whether there is any conceivable consensus there now. Of course, we don't have the final report so we don't know exactly what is going to be proposed.

I understand that the Blind River and area planning board is concerned with unorganized areas outside the actual municipality of Blind River; the area that they take in is a larger area than that. They also take in the small organized municipality of Thompson township, which is on the other side of the Mississagi Reserve. Thompson is separated from the unorganized township of Cobden, which is adjacent to Blind River, by the Mississagi Reserve No. 8. I understand the Blind River and area planning board is considering the possibility of proposing annexation of Thompson township as well as the unorganized townships of Cobden and Striker, around Blind River, to the municipality of Blind River.

[9:15]

The council of the township of Thompson has expressed severe reservations about this and also complained about the fact that it wasn't consulted by the planning board or anybody in the ministry prior to any study being done. They have sent a letter to that effect to the minister and to myself.

They have also suggested that if there was to be any suggestion of their annexation to another municipality it would be better if they were annexed to Iron Bridge which they are closer to; they are not separated from it by Indian lands or anything like that. They would like to be better consulted. I understand the ministry has sent someone in to talk to them since they wrote their letter.

I am, however, wondering if this is a thrust from the ministry or just something that the Blind River planning board has decided to look at in relation to their—

Mr. Fleming: No. We responded to local initiatives, in this case by the Blind River planning board; David Martin of local government organization branch has talked to Thompson. Really, they are going to have the opportunity to say what they think, whether pro or con, before any report is even made to the minister.

Mr. G. I. Miller: Mr. Chairman, I guess the first thing of real concern is on item 1,

local government—the grant given to the municipality.

Hon. Mr. McKeough: They were all dealt with under vote 2.

Mr. G. I. Miller: What is that funding for, what is it in relation to?

Hon. Mr. McKeough: It is the administrative matters related to local government—the field organization, the organization of regions, the reviews and so on. But the money we dealt with, hopefully, entirely under 1102. There really is no money under 1105, other than the amounts listed on G-107, totalling \$17 million, which we did deal with under 1102. So this is strictly organization rather than provincial transfers.

Mr. G. I. Miller: My real concern is over the fact that regional government costs have gone up 159 per cent compared to Metro Toronto's 102 per cent, and the rest of Ontario's 65 per cent. I realize that the regional governments are accepting more responsibility, but I think there is a discrepancy here; because of regional government, the costs are more than in other municipalities, I think there should be more funding made available; there should be ways to cut back; there is no need for that type of government. There should be more funding to keep the cost per householder more in line with the rest of the taxpayers in Ontario.

Hon. Mr. McKeough: I don't think the cost per household in the regions has, in fact, stabilized the growth rate. It doesn't necessarily apply to Haldimand-Norfolk, I can speak to that separately—but the regional areas are in fact the fastest growing areas in the province—Peel, Halton, Durham, Metro to some extent, Hamilton-Wentworth, all areas which are growing very quickly; therefore, their costs are going up on a per capita or household basis much more quickly than they are in other areas of the province which are standing still.

This was the whole point of the study published a year ago which indicated exactly that: It is there where the costs are rising more quickly than any place else, because of the growth factor. That isn't necessarily true in Haldimand-Norfolk, but that area has probably gone through as much teething pain as any other region in the province, if not more.

Mr. G. I. Miller: I would agree with that. I think we've had more flak, perhaps, than any other region.

Another area of concern is the fact that the tax burden seems to be shifting from the urban areas to the rural because the regional police are being subsidized by \$15 per

capita across the board, yet they're not getting policing across the board. I don't really want policing across the board because it would just add more cost, but there is a shift of taxes from urban to rural. We are getting complaints that the estate lots are paying considerably more and getting less service than those in the urban areas.

Hon. Mr. McKeough: If you wanted to speak to this, I would have to say that my observation is that the most under-taxed vs. over-taxed property in the province is the rural property. I'm not talking about farm land, I'm talking about the urban dweller moving to a rural area and that applies whether it's in a region or whether it's in Essex county or Kent county.

I think that for a long time, by and large, people moved out to the county in the first place because they could get a severance. They bought a lot for several thousand dollars vs. ten thousand or something more in an urban area; and when you compare the services which they are receiving, they are better off, remembering that 50 or 60 or 70 per cent of their tax bill is education—the standard of education is exactly the same—and when you recognize the availability of roads, the contribution to welfare, the health unit, the conservation authorities, the county libraries and the fact that they are paying for policing once rather than twice.

My guess would be that if you compare a \$30,000 home on a half-acre lot in the middle of township "X" and a \$30,000 home in the town of Milton, the guy in the middle of the township is getting a pretty good tax break.

Mr. Reed: How about a \$30,000 home on a 25-acre lot where the person was forced to buy it?

The committee recessed for a vote in the House.

On resumption:

Mr. Chairman: We have lost 18 minutes because of the vote.

Mr. G. I. Miller: I was making the point that the tax burden seems to be shifting to the rural areas, but I would like to make it clear that's not my only concern. The concern I would like to share with him is the fact that taxes generally are a real concern. For example, in Caledonia, on a small lot with a small, economical house the taxes are running at roughly around \$1,000. Again that is a concern, and it has been brought about, not perhaps altogether because of regional government but it certainly has been a contributing factor, because costs have gone up.

I think the real selling point of regional government was the fact that duplication of services would be done away with and it should be more efficient and it shouldn't cost the taxpayer any more money. I don't think that has come about.

Again, as I indicated before, I think if the region is accepting more responsibilities then, of course, there has to be less work load at the provincial level and there should be more funding made available to make this work more efficiently. However, I guess the minister has indicated that he has no intention of increasing the funding to alleviate some of the tax burden.

Hon. Mr. McKeough: There's a substantial increase to the regions this year, 1977, which is in the estimates in front of us.

Mr. G. I. Miller: By how much?

Hon. Mr. McKeough: There was quite a substantial increase, as I recall, in the estimates which we're considering. I think municipally there's an increase of about 12 per cent which was certainly biased towards the regions.

Mr. G. I. Miller: How much specifically for the region of Haldimand-Norfolk?

Hon. Mr. McKeough: I can't give you that off the top of my head. I'll be glad to get that for the member.

Mr. G. I. Miller: I don't want to take up too much time, but I just want to make the point that the taxes have risen and the concern of the homeowner is can he afford to continue to pay this tax, or is he going to be taxed off his own property? Are we forcing him to live in an apartment, which I don't think we have to do with the resources we have?

Mr. Warner: Point of order, Mr. Chairman. If the Treasurer indicates that there's an increase perhaps he could substantiate by figures which are different from those which we have received in our books, which actually indicate a decrease in \$9 million.

Hon. Mr. McKeough: Where?

Mr. Warner: If we're discussing vote 1105, item 1, which is local government, we are in fact talking about roughly \$9 million.

Hon. Mr. McKeough: There is nothing in vote 1105 for Haldimand-Norfolk.

Mr. Warner: But you're talking about grants to local government.

Hon. Mr. McKeough: That's in vote 1102. The grants to municipalities were under vote 1102, item 2. There are no grants in vote 1105.

Mr. Hall: They went down too, Mr. Minister.

Mr. Warner: They're down as well, by \$4 million.

Mr. G. I. Miller: That's the only answer I'm going to get then?

Hon. Mr. McKeough: There's an increase, and I think we dealt with this under vote 1102, but the increase in unconditional grants in the year which is in front of us for local government was in the neighbourhood of 12 per cent I think, 12 point something as I recall, for school boards and municipalities and that was biased in favour of the region. [9:45]

Mr. G. I. Miller: I think in particular the regional municipality of Haldimand-Norfolk, if I'm correct, in the first year of regional government the grants—

Hon. Mr. McKeough: The transitional payments may have gone down, yes.

Mr. G. I. Miller: That has to be a regressive step really because that's one more reason why regional government hasn't been accepted. Another thing that concerns me is the new Townsend township, and the South Cayuga townsite and the concern of the region of Haldimand-Norfolk about who is going to be funding that. I don't know whether this comes under your jurisdiction or not.

Hon. Mr. McKeough: It's the Minister of Housing.

Mr. G. I. Miller: I can't get an answer there. Okay. What about the payment in lieu of taxes on Hydro property?

Hon. Mr. McKeough: The Ministry of Energy.

Mr. G. I. Miller: What about family assistance?

Hon. Mr. McKeough: We dealt with it under vote 1102.

Mr. G. I. Miller: How come it says 1105?

Hon. Mr. McKeough: If the member had been here for 1102, we went through every one of those votes and I'm sorry the member wasn't.

Mr. G. I. Miller: I can't be at every place at once, Mr. Minister.

Hon. Mr. McKeough: No, I know.

Mr. G. I. Miller: I'm just going by the direction here. But anyway, there was a problem over their paying back for shoreline protection and I think there was a letter from the town of Dunnville saying that when they get the loan they cannot

pay it back for a period of time. What is the length of time?

Hon. Mr. McKeough: I don't know and I'm sorry I can't answer that, because the staff who were here when we dealt with that item under 1102 are not here tonight.

Mr. Epp: How about Mr. Fleming?

Mr. Fleming: I can't tell you the period offhand, but there is a letter in asking for more flexibility for municipalities. It has not yet been considered.

Mr. G. I. Miller: Okay, thank you. I guess Mr. Chairman that covers it. Maybe I have been a little late, but however it's better late than never and we'll get the answer one place or another.

Mr. Handleman: Mr. Chairman, I simply want to talk about the Mayo report and not, Mr. Treasurer, to engage you in debate but to let you know in advance what some of the positions may be that we'll take when future discussions ensue after you let us know what the government's response is. I think you know from my record that I'm not one who believes that boundaries are sacred. With your predecessor and some of your staff we went through the trauma of redistribution in Carleton, and in my constituency we reduced 10 municipalities to three as an interim step, which led to the establishment of the Mayo commission. I think Dr. Mayo has given us a very interesting report. He may not speak to me after I've made my comments on some of the aspects of it.

As I mentioned when my colleague from Carleton-Grenville was talking about this, I feel government should immediately have said, on the issue of the Mayo report, that it would deal with those sections on education which were beyond the terms of references of Dr. Mayo and, quite frankly, I think beyond his competence, that those are matters which should be dealt with in a study of educational structuring in the Ottawa-Carleton area, not in municipal structuring. I think Dr. Mayo made the assumption that many people do, that the boards of education are somehow subservient to the municipal councils. They are not. They are separately elected, they have their own jurisdictions and certainly are not necessarily tied into municipal restructuring—

Mr. Warner: That hasn't been resolved, not even in the courts.

Mr. Handleman: —certainly not to the extent that Dr. Mayo has recommended. I quite recognize that if Russell township is

to be brought into the region of Ottawa-Carleton that it would probably be necessary for the Carleton board of education to assume the responsibility for education in that municipality. That's not what Dr. Mayo's recommendations say. They talk about a complete restructuring, a completely new board along a line which has never been envisaged in this province before and something which I think should be said to be unacceptable to the government at this time. I'm putting that forward because that's the position I think I will take whenever you do decide to come forward with your response.

Speaking for my own region, there's one item which has been a chronic matter of complaint, and I speak again from the point of view of the school boards, and that is the amount of money which is paid by the largest non-taxpayer in the area, the federal government, grants in lieu of taxes. I know you are a great believer in accountability. I don't understand how on earth you can determine accountability in a system where grants in lieu are paid by the federal government based on the total mill levy, including education tax, but they are paid only to one part of the three tier system. They are paid to the area municipality.

Obviously when they get school taxes and they get regional taxes, the area rates are artificially lower. I don't know how on earth that makes the area municipality fully accountable to the taxpayers of the region—when they do not pass over to the school boards or to regional government that portion of the grant in lieu of taxes from the federal government which is based on those two levies.

Hon. Mr. McKeough: Unrealistic though they may be.

Mr. Handleman: They are not enough. I am not suggesting they are enough. But they go to one of the three major governments in the area—the municipality. They are the only ones that get them. The city of Ottawa gets it. Nepean township gets it. Gloucester gets it. March township gets it. But the Carleton board of education, the Ottawa board of education and the two separate school boards get nothing and regional government gets nothing. As a result, those levies are artificially increased.

If those were distributed in some equitable manner, the boards of education and regional government would not be taxed with the high tax structure that bothers all the newspapers and all the ratepayers and about which all the area municipal politicians like to say “the

increase is due not to us; it is due to the region and to the school boards.” If they got their share of those revenues, I think the picture might be a little bit truer and we might have full accountability.

One of the recommendations of Dr. Mayo, one which I don't think he originated but which has been made in other areas, is for a regional police force. As you know in the Ottawa-Carleton area, we have something like five different police forces—Nepean, Gloucester, Vanier, Ottawa, RCMP, OPP, you name it.

Mr. Warner: They are everywhere.

Mr. Handleman: That's right. But our concern really is for adequate and competent and efficient policing. I think the people in the area, notwithstanding all this fragmentation and proliferation of police forces, seem to be satisfied with the service they are getting.

There is some concern about financing. The regional force is getting \$15 a head, and our municipal forces get \$12—I think those are the figures. You have had some complaints from area municipal politicians who say, “We are providing the same police protection as the regional force. Why don't we get \$15?”

I would resist that. I think one of the reasons they have for existing is that they do provide good service at lower cost. I don't feel that their subsidy should be increased in order to enable them to enrich their service beyond that which is necessary.

Mr. Haggerty: Just what the member for St. Catharines (Mr. Bradley) said.

Interjection.

Mr. Handleman: We don't have one and we don't want one.

Mr. Haggerty: You are lucky.

Mr. Handleman: Regional hydro is another problem. I have not yet received the response of Nepean hydro and Nepean hydro has long been a sort of odd man out in the whole Hydro structure of the province—but I do understand some of their concerns about a regional hydro. A financial analysis might tell us, but we might be called upon to replace the antiquated capital equipment of the city of Ottawa. They have had a hydro for probably 100 years or whenever hydro came and their equipment is starting to wear out. Ours is new. We bought it all from Ontario Hydro. We have added to it. I don't think people in Nepean—and I speak only for Nepean in this situation—want to be called upon to replace the Ottawa equipment.

I couldn't understand the reasoning of the member for St. Catharines when he criticized regional transit. If there is one great success

of regional government in the Ottawa-Carleton area, it has been Ottawa-Carleton transportation services. They are absolutely admirable. They are exemplary. They cost money—of course they do, and nobody pretends that they are not costly. But I don't know any other way that we could get from Nepean to Vanier without a regional transit system. It works that way. It is a regional service and it serves the people in the region.

Mr. Bradley: We have private enterprise doing it in our area.

Mr. Handleman: There is one recommendation of Mayo, and I don't know whether you have spoken to the Minister of Housing about this and that is for a regional housing authority. There is no question about it. Some of our municipalities have not taken their fair share of public housing. There's a lack of communication here, but the fear is that somehow you are going to get the kind of mass, low-rental housing project that seemed to be the popular thing 10 years ago.

We all know that it is not going to happen again. But there is some concern, and most of the area municipalities want to be able to develop their own style of housing. I just want to pass along to you the results of my meeting with Nepean township council a couple of weeks ago, at which they asked that if there is going to be regional housing the area municipalities somehow be given, not a veto but a voice, in the eventual decisions. If that is going to be part of your recommendation, I would like to take that into account.

There are a number of items in Mayo that I think make great cocktail party talk. Some of them are very intriguing and we can have some great philosophical discussions. One of them is the recommendation that the head of council be chosen by council. I have argued that we, in this jurisdiction, do exactly that—that we choose our leaders from within our own group, rather than be elected as leaders by the public at large. I think this makes a great deal of sense. The fear in the Ottawa-Carleton area, and it's a justifiable fear, is that this kind of thing will lead to the traditional political parties entering the municipal field.

That may be entirely suitable for Toronto but you have to remember that in Ottawa-Carleton, a large part of the talent comes from the federal civil service. The federal civil servant does not want to be tied to the traditional political parties, and I think for good reason. I think if you somehow could lay the fears of the people of Ottawa-Carleton to rest and say: "No, we do not

want to encourage the traditional political parties to be involved in a formal way in municipal elections"—they are now involved in an informal way—we would not be barring ourselves from the use of that great pool of talent in the federal civil service. There's a great amount of talent there that makes itself available to the community in both school boards and municipal councils.

I will be interested in the manner in which the members of this Legislature from the area, and that includes all members, will be involved in discussions with you and your staff as you start to grapple with the various submissions that you have received and will be receiving on Mayo. Complaints have come in that the summer holidays interfered with community participation in developing responses to Mayo, and they are all afraid that they are going to be coming in in November and December with submissions that will be completely ignored.

I have tried to say to them that your mind is not made up. I tell them you will try to receive as many of these submissions as possible and give them some consideration. But for goodness' sake, if it is as important as people think it is, summer holidays should not have interfered with their getting down to work and studying these things. After all, municipal councillors are not paid on a 10-month basis. They are paid on a 12-month basis. They should darn well sit down, review the Mayo report in June and July and August if they have to, and come to you before the end of September. In fact, they will be coming to you this month, which is November, next month and I hope not much later than that.

So I hope you can assure us that you will be looking at all of these submissions, even though you may not be able to give them the amount of time and study that they should have.

I have only used about 10 minutes of our four hours, but I will leave the rest to the others. If Mr. McKeough would like to respond to some of the points, I would be interested in hearing from him.

Hon. Mr. McKeough: Just very briefly, with respect to the school boards, I don't disagree with what the member has said. I think that is more of an education problem and we have suggested to a number of commissioners that they are getting over into an area beyond their terms of reference. But they chose to comment in any case, and so be it—I don't think it hurts anything. I can only say that any changes

resulting from any of the three reports will be coming from the Minister of Education (Mr. Wells) for the most part, rather than myself.

With respect to the grant situation, I again don't disagree with the member. The logic of assigning all of the grants in lieu goes back to the municipal side rather than to the education side. In terms of accountability it escapes me. I think they were inadequate at the beginning and are still. I think it stems from the fact that at that point there was only a mill rate. The treatments of grants in lieu obviously goes back way before there were school boards covering more than one municipality.

[10:00]

Mr. Handleman: The Quebec school board is direct though.

Hon. Mr. McKeough: Is it?

Mr. Handleman: Oh, yes, and the reason given by the Department of Finance, going way back to Mr. Fleming, which is the first time I was ever involved in this problem, was that the school boards in Quebec are tax levying bodies. Therefore, you can pay them directly. The school boards in Ontario are not tax levying as you know. They're requisitioning bodies.

Hon. Mr. McKeough: Requisitioning, right.

Mr. Handleman: That was the logic of the Department of Finance. Besides that, I don't think they wanted to get involved in whether or not they could be a separate school supporter. So it was the easy way out to give it to the municipalities. My view is that the municipalities should voluntarily distribute that money on some rational basis.

Hon. Mr. McKeough: Certainly, as part of the tax reform proposals, that will be the case—money for grants in lieu, or from taxes, will be distributed. Whatever recommendation that is, it is one which I would see no reason not to follow whether we have reform or not. We would make it coincident.

I don't disagree with what you said in terms of the distribution except that I think it stems from the fact that the distribution was normally made to a municipality which was also a school board, and it didn't much matter because the mill rate was one and the same thing. Now you have a combination of municipalities making up a school board and I think you do get some distorted effects. The effect on the taxpayer, presumably, should be the same, but certainly in terms of accountability you get a very varied picture.

On police and Hydro, I have no specific comments. With the police I would say this.

I would temper your enthusiasm for five police forces to point out there are large parts of Ottawa-Carleton receiving their policing from the Ontario Provincial Police and not paying for it—this is part of a larger problem—or paying for it through their provincial taxes where—

Mr. Nixon: They're just paying once.

Hon. Mr. McKeough: They're paying once, whereas people in Nepean, Ottawa and Vanier are paying for policing twice. That's the basic inequity. I would also give some weight to the fact that the Ontario Police Commission and the Solicitor General (Mr. MacBeth) feel there is some strength in terms of intelligence, in terms of crime prevention, in terms of crime apprehension in the larger forces. Whether that holds true is not in Ottawa and, certainly, local—

Mr. Haggerty: I don't think it holds true in the Niagara Peninsula either.

Hon. Mr. McKeough: There is a police force in Ottawa-Carleton which might have benefited from being part of a larger police force—which shall be nameless at this point in time, and which has attracted some headlines.

On housing, I accept the member's comments. Regarding the selection of the chairman, we haven't really addressed our mind to this and I haven't thought about it a great deal in terms of involvement. Obviously, there will be involvement. Certainly, despite the deadlines that we imposed, we've had a pretty good response, but we will wait for later representations as they come in. Realistically, in terms of the staff's timetable and my timetable, it will be January or February before we get down to it, so anything that comes in the meantime is obviously going to be considered and will be considered up to the last moment.

Mr. Chairman: I still have seven people on my list so I would ask the members to bear that in mind. Mr. Makarchuk.

Mr. Makarchuk: Mr. Chairman, I wonder, instead of me going into the litany of woes regarding the whole Brant county government setup, has the minister any comment to make or does he have any plans or inclinations for the future in that area?

Hon. Mr. McKeough: I have no plans at the moment. I wish they would come to mind.

Mr. Makarchuk: Mr. Minister, I just want to bring to your attention the major problem there is in the area right now. As far as the city of Brantford is concerned, they are running out of land in terms of the growth and development.

Hon. Mr. McKeough: They ran out of it some time ago.

Mr. Makarchuk: Yes, that's true. In order to continue the economic viability of that community, there has to be some change. It has to be done fairly quickly in terms of whether there is a restructuring in the government or whether Brantford proceeds to annex the Brantford township. In this case it will provide a sort of temporary measure—not temporary, it probably will last for about 20 years.

Mr. Nixon: Do you think that will last 20 years in the whole township?

Mr. Makarchuk: Yes, I think it would.

An hon. member: Don't you have urban area boundaries?

Mr. Makarchuk: Yes, we have boundaries right now.

If these gentlemen are concerned about farm land, one of the things I'd like to point out to them is that there are 1,000 acres in the OHC land bank which are not the best farm land, and where the development is going right now is in the best farm land. There are areas where the development can move that would overcome some of those problems associated with the use of agricultural land.

Mr. Epp: They'll sell that at quite a profit, too.

Mr. Makarchuk: All right. We'll deal with that when we get to it.

What I want to know is the minister's reaction. Assuming that the dance of the 1,700 veils is going on and on and on, I think you should realize there's no inclination on the part of the rural people in that area. It's one of the most over-governed areas, I think, in Ontario. It's one of the smallest counties. It has about five or six municipalities operating in it. There are only 100,000 people, less than 100,000 people, in the whole area, and the number of governments in there is rather atrocious.

I think I'd like to point out that the study done by the BALG committee—the Brant Area Local Government Review Committee—indicated that that county is spending more per capita in support of government than the Niagara region is, which has a regional government. Obviously there is room for improvement. The discussions, as I said, are going nowhere, and I feel there is no inclination on the part of township and county officials to come to any kind of conclusion unless there's some assurance that they would have dominance in the area. That means you'd have about one-third of the people dominating

two-thirds of the people who live in the urban areas, which would be an atrocity in terms of democratic responsibility. If that doesn't happen and the Brantford city proceeds with plans to annex either all of Brantford township or portions of Brantford township, is the minister prepared to look at the case on its merits?

In other words, is the minister not going to just say no? Would he let the annexation, the proceedings, go ahead to the OMB, et cetera, without his intervening and stopping this action, should it be started on part of the city of Brantford?

Hon. Mr. McKeough: Your question is, if there were an application to annex tomorrow?

Mr. Makarchuk: Yes.

Hon. Mr. McKeough: My inclination would be to let it go to the board.

Mr. Makarchuk: I see. I'd like to point out to you that this is the situation into which we are heading right now. There's just nothing happening. They're exchanging papers and they're sending notes to each other and they occasionally meet and agree to disagree, but I think it's very important to stress to you the seriousness of the situation in that area.

Hon. Mr. McKeough: I'm impressed with the seriousness of the situation.

Mr. Makarchuk: It's sort of destroying the future viability of the community. You can't plan on it. You're developing into cases where you have one municipality that's living in a sort of a municipal welfare bum situation, living off the city of Brantford, and I mean by that Brantford township. You've got strip developments going into the place and you've got sort of a general area of great uncertainty. Unless it's resolved, this matter will come to haunt you.

As I understand it, if the city of Brantford decides to annex, you would be prepared to let it go its normal course?

Hon. Mr. McKeough: Yes.

Mr. Makarchuk: Thank you.

Mr. Nixon: Mr. Chairman, one question, just for a minute. It appears that you would favour, then, the annexation of the whole of Brantford township by the city, or even a major part of it.

Hon. Mr. McKeough: No, no.

Mr. Nixon: You've got no opinion in that regard?

Hon. Mr. McKeough: I'm not going to express it.

Mr. Nixon: I raised this matter really a number of days ago. The minister has ex-

pressed an opinion in this connection in one major annexation procedure in Barrie.

Hon. Mr. McKeough: That's right.

Mr. Nixon: There are a number of communities, and Brantford isn't the only one, where a growing urban centre feels itself constricted by another municipality or perhaps a group of municipalities surrounding it, all of which have their own growth potential, all of which have official plans.

Would the minister not agree with, let's say, a statement made by his colleague, the Minister of Housing, that there should be every reason to respect the concept for planning of those surrounding municipalities and permit them to grow on the basis of their original plans?

Is it sensible to look at any of these urbanizing communities and expect them to simply grow out into the surrounding areas, gobbling up the lands, farm and other lands, simply without respecting the needs and, in fact, the desires of the communities that surround them?

Certainly, Brant county is a very small structure. If any significant territory were annexed to Brantford, then the remainder really could not viably continue as a county. I suppose the member for Brantford would probably like to see one-tier government over that whole area. He has expressed those views.

I certainly strongly represent the other view. They are the people that I represent. The minister is not taking part in this. Really, for the last two years he has stayed out of the matter. He might wish one result or another, and yet the local people are meeting. I suppose the impression that the people in my constituency get from Brantford is that they have one solution only, and that is that Brantford should govern the area. The people in the municipalities which are doing very well have planning procedures which are accepted and are working very well—

Mr. Makarchuk: That is a lot of nonsense. The planning procedures are not working very well.

Mr. Nixon: —and are not resulting in the kinds of strip development that the member for Brantford is complaining about.

Mr. Makarchuk: That is nonsense.

Mr. Nixon: It is an insult when he refers to Brantford township as some kind of a welfare bum. It really is an insult to a democratic government that, in my view, has been operating very effectively on behalf of the local taxpayers.

Obviously this is a local problem. I think the elected representatives in all areas have been meeting together. Because the solution does not come forward to suit the member for Brantford, he wants the authority from Toronto to step in and solve the problem on the basis of what he envisages.

Hon. Mr. McKeough: I would have to say this, of course, that whether I agree with the member for Brantford or not, he does have a solution. I would be very interested in the solution of the member for Brant, which I gather is to do nothing.

Mr. Nixon: Not at all.

Hon. Mr. McKeough: Well, I am very interested to hear the solution.

Mr. Nixon: You have heard the solution many times: that we believe, or I certainly believe, that there has to be planning, a co-operative planning procedure across the area, and there is no reason why that cannot be accomplished.

The minister says out of hand that it has been tried and it has failed. I will tell you that the people in our area look at the minister's solution in Haldimand-Norfolk and they don't want anything like that, an area where the costs have gone up very rapidly.

Hon. Mr. McKeough: We would be very interested in hearing your solution.

Mr. Nixon: I have been telling you we are quite satisfied with the county structure. We can have a joint planning board.

Hon. Mr. McKeough: You should go down to the association of the counties and regions, and go with your friend, the member for Waterloo North, and tell them your solution to restructuring government is joint planning boards. You will go a long way.

Mr. Nixon: All right, you disagree with me. The member for Brantford also disagrees.

Mr. Makarchuk: I don't agree with you.

Hon. Mr. McKeough: I am just telling you that the great weight of opinion in this province disagrees with that solution. This has been tried and found wanting, to put it mildly. But it is an easy way out for the member, and he doesn't have to take a stand then.

Mr. Nixon. This is a stand.

Mr. Reed: Mr. Chairman, I will be very brief. I just have three points that I would like to make, because I feel the others have been very well expressed by my colleagues.

First of all, I would like to express a point of view in terms of rural landowners. The subject has come up tonight and it

came up about a year and a half ago when the Treasurer was presenting a financial overview of the region of Halton, when he intimated that rural landowners were essentially freeloaders.

Hon. Mr. McKeough: I did not say that.

Mr. Reed: There was an intimation that the rural landowners were not paying their way. It resulted in a question in the House at that time. I would simply ask the Treasurer at this time to consider the fact that many of these rural landowners went into the rural areas and purchased far larger acreages than they really wanted because of the legislation of the day which forced them to do it.

Hon. Mr. McKeough: That is not true.

Mr. Reed: All right. You'd better consider the old township of Nassagaweya and go in there and look at the 20—

Hon. Mr. McKeough: The legislation did not force them to do any such thing.

[10:15]

Mr. Reed: All right. I suppose they could have refused to buy it.

Hon. Mr. McKeough: There were many municipalities in the province which had passed zoning bylaws that prohibited 10-acre lots, if that's specifically what we're talking about—and prohibited 25-acre lots, too.

Mr. Reed: I think we're talking about 25-acre lots in Nassagaweya.

Hon. Mr. McKeough: There were many municipalities which had adequately zoned their municipalities to prevent the kind of thing which the member is now complaining about. There were many municipalities that did not.

Mr. Reed: Tell me. Those people are there now. They own the property. They can't divide it. They can't sell it. They're stuck with it and now you want to bring in a system of assessment—

Hon. Mr. McKeough: I'm not saying that.

Mr. Reed: —that's going to force at least a large proportion of them, probably, to consider walking away from their property.

Hon. Mr. McKeough: I'm not saying any such thing. The member knows it.

Mr. Reed: Well, what are you saying, Mr. Treasurer?

Hon. Mr. McKeough: I'm not saying any such thing. I'm talking about what my observation would be, and I think this would be confirmed by assessors generally, that if you look at taxes on the acre and half-acre lot, strip development and otherwise, and in

the middle of a township, you'll probably find the burden of taxation on those is considerably less than the burden of taxation would be on the same house on a smaller lot in an urban municipality.

Mr. Haggerty: They don't have street lights.

Hon. Mr. McKeough: Street lights work out to about one-tenth of one per cent on the dollar, and everybody knows it. Sixty per cent of what they are receiving—70, probably, in most rural areas—is education, which is a common cost. The services they are not receiving would be policing, and we can argue that one.

Mr. Haggerty: Yes, they are paying for it in the region, but I'll tell you they're not getting the police service they had a few years ago.

Hon. Mr. McKeough: We're not talking about the region.

Mr. Reed: Mr. Chairman, I would simply submit to the Treasurer that when he is considering property tax reform, he give cognizance to the fact that these people do exist, that there appears, there is seen to be, some sort of a scunner on the rural landowner who is not farming. I'm really not sure why, because the rural landowner does not himself believe that he is receiving the services he is paying for.

Hon. Mr. McKeough: Well, find me one person in the province who does.

Mr. Reed: All right, I'm only relating to you—

Hon. Mr. McKeough: When we find the person who believes he is receiving services for what he is paying for, let's find him. I mean, all of us believe we're paying too much in taxes.

Interjection.

Hon. Mr. McKeough: Who I? I know that I'm under-assessed, very much so, in my view.

Mr. Reed: I would suggest, Mr. Chairman, that the Treasurer look back at the pre-regional days and look at the debt of those townships, and so on, and look at the financial position they had.

Hon. Mr. McKeough: I'll look at Nassagaweya in particular, if you want to, and the creation of all those 10-acre and 25-acre lots, which was occasioned by a municipality which was not planning. I'm sorry if I'm offending any of the former council of Nassagaweya, but if there was ever a classic example of somebody needing to take charge, that was it, with the greatest of respect to

the good councillors of Nassagaweya. They created the 25-acre lots, I didn't.

Mr. Reed: I'm sure the Treasurer is aware that the condition now exists and one cannot turn the clock back.

Hon. Mr. McKeough: Oh, sure you can.

Mr. Reed: They're in.

Hon. Mr. McKeough: It's within the power of the land division committee to facilitate the breaking up of those lots, perhaps even putting some of them back into farm land.

Mr. Reed: I'm sure the Treasurer has visited the area and is aware of the layabout property.

Hon. Mr. McKeough: I'm sure that if it's not good farm land, the assessment will reflect that fact.

Mr. Reed: I hope that I've been able to transmit, at least, a point of view that is held by an awful lot of rural landowners in my riding.

Hon. Mr. McKeough: The opposite point of view is held by a lot of urban landowners. We can debate this point. I'm simply giving you the benefit of my observation for what it is worth. If there is an under-taxed group versus an over-taxed group it applies, in many instances, to the person who bought a lot at \$1,000, \$2,000 or \$3,000 versus a lot in the city at \$10,000 or \$15,000. He has demanded urban services including garbage collection; a higher levels of police service—regardless of who's paying for it; he has been getting the benefits of a local government; has been getting the benefits of education plus busing which he hasn't paid for but which is paid for in the whole area; he has been getting library service and recreation service, either in his municipality or from the city—and not paying for it. He has been getting nearly all the urban services other than sewer and water which by and large is now on a frontage charge, in any case.

I would say if you're stacking up lot for lot, he's done not badly. And if you really want to throw in the final pitch, in my part of the world and in most parts of rural Ontario, that is the person who really complains like hell because the farmer next door is raising pigs.

Mr. Reed: I appreciate, Mr. Chairman, very much the remarks of the Treasurer on raising pigs. I raised pigs for many years myself and I am well aware of the statements he has been making about the raising of pigs. I should like the Treasurer to consider those rural areas, those rural landowners and the services they are really

getting, not, necessarily, supposed to be getting in the eyes of the Treasurer. And this brings me to my second point. I'm of two minds when I say this publicly, but the Treasurer should recognize that my very election in a traditionally Conservative area has got to be one of the most eloquent statements on regional government that could be made.

The third thing I would like to bring to the minister's attention is simply this: that the roots of the body politic lie within the community; and as every politician here knows, politics is the result of the banding together of people for their self-improvement, for their advancement, for their edification and for their protection. That expression is not carried through into the regional system. Consequently, we have communities that complain to me that they have lost their identity, simply because the regional system does not pay attention to that fundamental fact in politics—and it is fundamental—that any gathering together of people is a community effort; it's a gathering of minds in a community and politics must, in the end, address itself to the community as the basic denominator.

Ms. Bryden: Mr. Chairman, I wanted to get the Treasurer's reaction to this proposed development by family leisure centres in the Major Mackenzie Drive—Highway 401 area. I understand it is before the municipal board right now for amendment to the official plan of the Vaughan planning area. Assuming that the amendment goes through, then I think the Treasurer does have an interest in it and has already indicated considerable interest in this in 1976.

Mr. Chairman: Ms. Bryden, I hesitate to interrupt you again. You're having very tough luck tonight, but that really doesn't come under this vote.

Ms. Bryden: With respect, Mr. Chairman, I think it does because the municipalities in the area, particularly in the town of Vaughan, will be very seriously affected with regard to their expenditures.

Hon. Mr. McKeough: The municipality of the town of Vaughan and the region of York have both approved it. Whether the member feels that they've approved it in error is something that will be decided by the Ontario Municipal Board. I for one am not going to question, at this moment, the elected council of either Vaughan or York as to the decision which they have made. The member may wish to.

Ms. Bryden: Your regional development branch said it was quite inappropriate, due to the impact it would have on the Maple area.

Hon. Mr. McKeough: Regional development really is under vote 1103.

Ms. Bryden: I recognize that. There will also be additional costs to all the surrounding municipalities, some of which have not voted on this because it is not in their area for highway developments.

Hon. Mr. McKeough: But regional York have and they, presumably, represent the whole area.

Ms. Bryden: They don't necessarily build all the roads that may be affected.

Hon. Mr. McKeough: Regional York and the province of Ontario do.

Ms. Bryden: They build the major roads. But there will be great traffic congestion in this area. There is also the effect on your own ministries which you will be having to fund. Highway 401 may have to go to 10 lanes, I understand from a letter that you wrote to the mayor of the township of Vaughan. We are going to lose some prime agricultural land—class A1—and the whole Maple area has been under threat of noise, congestion and additional traffic because of the landfill site.

So it seems to me that since you manifested interest in 1976 and said that you thought it should definitely go to an environmental assessment, and that your fellow ministers are considering that it will cause great additional costs or disruption, you should again be willing to undertake a review after the OMB reports, to find out whether this does fit in with the overall land-use planning and with the needs of the particular municipalities in that area. That is why I raise it at this time. It seems to me that it does affect local governments in the area very seriously, as well as the province as a whole.

Hon. Mr. McKeough: I can only say that in terms of this vote, Mr. Chairman, the local governments in this area have approved it. I am a believer in local government, and under this vote which is what administration is all about—

Mr. Warner: Under limited conditions.

Hon. Mr. McKeough: —I am not prepared, at this moment, to prejudge what they have decided or what the Ontario Municipal Board might decide. I recognize that the view of the member's party is to override local government whenever it chooses to do so. But that is not my philosophy or the reason that

we are asking \$35,364,000 under this particular item.

Ms. Bryden: Mr Chairman, just one final comment on the matter of putting local government in the driver's seat completely. The Bureau of Municipal Research in discussing Design for Development—and the various regional developments that have followed that—and the agrologists who are concerned about preserving our agricultural land have both said that giving this much power to local governments without the province also taking a role in considering the overall effect is one of the reasons why we face the very serious matter of losing our agricultural land, and congestion and so on.

Hon. Mr. McKeough: You feel that we have been giving local government too much power?

Ms. Bryden: With regard to land use, yes.

Hon. Mr. McKeough: That's interesting.

Ms. Bryden: There is no provincial leadership.

Hon. Mr. McKeough: That's interesting.

Mr. Warner: Look at Barrie.

Mr. Chairman: We have 21 minutes left and we have four people. Mr. Haggerty.

Mr. Haggerty: I will try to be as brief as possible. It is hard for a person to understand the reason behind the minister's appointment to the regional study reviews that have been completed here just recently, particularly as it relates to the Mayo and Archer report.

I don't know if the minister has time to review the Archer report or not, but I find it rather a dismal report. Nothing exciting. Nothing new in proposals for improving a higher tier of government. Almost everything that was said in the report was already known by the taxpayer. I suppose if I really looked at their reports more closely I would find it was nothing but a vacuum. It offered nothing to improve it.

[10:30]

Every taxpayer in the region is well aware of the high cost of financing regional government. Many residents who presented their views at the hearings—and I attended a number of them—thought the local government was more remote than ever, and even decisions were made farther and farther away from local taxpayers. The regional costs have risen considerably in the past five years at an average rate of almost 13.9 per cent—too costly to continue with respect to the benefits the taxpayers may receive. Yet I find nothing in the Archer report actually dealing with

financing of the regional government in the area.

As my colleague from St. Catharines said, some of these costs are related to high salaries. I can well recall when the bill was first introduced in the Ontario Legislature back in 1969.

Mr. Bradley: Who was the father of that regional government?

Mr. Haggerty: The member for Niagara Falls at that time, George Bukator, asked the minister to consider bringing in controls related to salaries. One could see it was going to get out of hand—which it has.

Hon. Mr. McKeough: Salaries of the local municipalities by and large have got out of hand.

Mr. Haggerty: No, I would suggest the minute you opened the door for regional government, salaries jumped from an average of \$12,000 to \$25,000.

Hon. Mr. McKeough: That's right, in the local municipalities.

Mr. Haggerty: Nobody can be held responsible but the minister himself.

Hon. Mr. McKeough: Oh, nonsense. You pay lip service to local governments.

Mr. Haggerty: The expenses of staff, engineers, the high cost of keeping solicitors around; I imagine the cost today would run well over \$100,000. Under the county administration, it would run about \$4,000. You still receive the same results. The field day that engineering consultants have today with high staff, the number of engineers in the region—almost everything is done by consultants at an extra cost to the region. The cost of the regional police force, I might say with little prevention in the area and the absorbing of 55 miles of provincial highways, all have added to the cost of regional government.

Many local municipalities are finding it difficult to provide local services when much of their tax dollar must be raised for the sole purpose of regional government and regional school boards. One would have thought the Archer report would have considered some of the views expressed at the hearings. The present upper-tier government was too large and, in fact, some local residents expressed the view the region should be in line with the two local regional school boards. In other words, go back to the former county of Welland and Lincoln county.

I thought the member for Welland-Thorold (Mr. Swart) would perhaps be here tonight, because I was interested in his comments in the Legislature recently suggesting another

study for regional government. Perhaps the member wants to take another trip to Europe, to Sweden. I believe it was in 1962 or 1963 when he was a member of the county council, as I was, and along with the clerk, representing the county as the reorganization of municipal study review in the county of Welland, he made that trip to Sweden to review regional government in that area.

In all the time this discussion of regional government was taking place in the former county of Welland, there was no time permitted for an actual debate on regional government in the Niagara Peninsula. We were denied that, perhaps by the member of that committee at the time. I think he had some part in it. When you sit back and look at it, you can say Mr. Swart, the member for Welland-Thorold, is the father of regional government in the Niagara Peninsula.

It is interesting to note the position he has taken recently on matters concerning regional Hydro and regional government. He sits back and leaves the impression he is the little white knight "I am innocent, I had nothing to do with regional government." I want it put on the record that in my opinion he is the father of regional government.

Mr. Bradley: Stepfather maybe.

Mr. Haggerty: I think the record should stand.

Mr. Warner: That's entirely silly.

Mr. Haggerty: Silly, eh?

Mr. Chairman: Order.

Mr. Haggerty: I want to know what the minister has in line in the way of assistance to the area's regional government in the upcoming budgets that are going to be prepared by the region. I have explained to him the present costs have risen some 13.9 per cent over the last five years and if this continues, there is no hope of regional government surviving unless the taxpayers bear a heavy burden of that cost. What has the province got in mind this year to assist that municipality?

Hon. Mr. McKeough: During this current year, in the estimates that are being voted, there was a substantial increase for the region of Niagara. In the year that is upcoming, as the member knows from my estimates—and I can only speak to my estimates, not to a host of other estimates—there is no increase in the unconditional grants other than that which comes from normal growth in mill rates and the general support grant. I can't put a number on that—some portion of the \$30 million, however.

Mr. Haggerty: There will be no increase in unconditional grants, then.

Hon. Mr. McKeough: In 1978-79? No, other than the growth of the general support grant.

Mr. Haggerty: What do you mean by growth? Is it provincial growth you are talking about; the Edmonton commitment or what?

Hon. Mr. McKeough: If the mill rate was 100, then they received six per cent of that. If it has gone up to 110, they will receive six per cent of 110, which is 6.6. But that is the only change in the unconditional grants which have been announced for 1978-79—the normal growth in the general support grant and growth in population, if there has been any, but that would not be a significant amount in the per capita grant.

Mr. Warner: Mr. Chairman, before I begin, I certainly would like again to thank those members from the civil service who are here. As usual, they sit through the long, tedious hours of this, not always called upon, but always having the answers ready. As usual they have propped up the minister quite well and provided him with the necessary cement to keep him in place. I, for one, appreciate their contributions.

For better or worse, the government is the body that implemented the regional government. That's where either the praise or the fault lies. Regional government can work. It is unfortunate that the government doesn't know how to make it work. It doesn't have to cost a bundle, but it does. I guess it just speaks to the inefficiencies of this present regime.

I have a couple of questions. First, perhaps the minister can enlighten me in particular as to whether or not the flood damage relief fund is going to be set up for the borough of Scarborough within Metro Toronto. Is that going to happen, and if so, when? We have waited since the end of August of this year and we have no word.

Hon. Mr. McKeough: I don't think I have been waiting since the end of August, but the matter has been held up at cabinet for three weeks because I haven't been there; I have been here. Whether it will be dealt with tomorrow, I can't answer.

Mr. Warner: You haven't been here for the last week.

Hon. Mr. McKeough: Two. And I was away the one before that.

Mr. Warner: When can we expect a decision?

Hon. Mr. McKeough: I don't know. Per-

haps tomorrow, perhaps not tomorrow, it may take a little longer. There is very likely an agenda for tomorrow and whether all the items will be dealt with I simply don't know.

Mr. Warner: Does the minister appreciate, first, the extent of the damage that we are talking about, and second, that many of those repairs which average approximately \$1,000 per household for the people affected are repairs that should be made before the frost sets in and the severe winter sets in in December? Those kinds of repairs should be made now. For the people in my area where we have a couple of hundred homes affected, they just simply can't afford the \$1,000 out of hand. They are waiting for some leadership from the government. How long is it that we should expect to wait? Until Christmas? Beyond that? What is reasonable? I stand to be corrected, but I believe that council is on record since the end of August asking for the flood damage—

Hon. Mr. McKeough: The same council, of course, didn't get the documentation to us for the floods a year ago until some time in August. The answer to your question is, I am aware of the extent of the damage.

Mr. Warner: Okay. I take it one step further. I am sorry that the member for Brant-Oxford-Norfolk is not here, because we have followed along similar lines. He has a resolution on the order paper, something which I raised back on August 16, as recorded in the Toronto Star, of a permanent flood fund. We both have the same kind of idea.

I don't understand what is so absolutely difficult about setting up a permanent kind of disaster relief fund into which the municipalities could contract if they wished—if they don't want to, that's their business—on a shared basis with the province of Ontario, a set amount per year. If there is an excess, it can be put into some sort of trust fund, that is there in cases of genuine emergency, such as the flood damage which affected my borough, Scarborough, in terms of half a million dollars. When those genuine emergencies come up, you have got something to draw on.

Hon. Mr. McKeough: We have a whole lot to draw on, that's not the problem.

Mr. Warner: You have to set it up every time we go through this. This is the story you have given the council.

Hon. Mr. McKeough: It has to be approved by cabinet every time.

Mr. Warner: Yes. That's why, when something happens back in July or August, we wait until now and maybe even Christmas before we can enter into the repairs.

Hon. Mr. McKeough: I don't think we had the resolution from the council—I don't want to be specific about this—but it didn't come in immediately.

Mr. Warner: I would submit the end of August. But it still doesn't answer either my question or the member for Brant-Oxford-Norfolk.

Hon. Mr. McKeough: I can answer your question by saying that I really don't see any great advantage to the proposal. We can debate it when Mr. Nixon's motion is debated. I want to give it more thought before then, but off the top of my head, I don't think a fund of money sitting around would necessarily facilitate things. I am sure that if more money were paid out of the fund, you would want the same sort of scrutiny by somebody—Management Board or cabinet—before it was paid out. I just don't see the great advantage of it, frankly.

I am terribly interested in your suggestion that if municipalities hadn't subscribed, I suppose they wouldn't be eligible to draw. That would be very interesting.

Mr. Warner: Well, that's local government at work. I subscribe to that. It's entirely their choice.

Hon. Mr. McKeough: Supposing Cobalt hadn't subscribed?

Mr. Warner: Then there would have been a problem. But you work it through. Admittedly there would be a problem.

I take it that the Mayo report and the Robarts report in particular, talking about a great deal more local autonomy in terms of both revenue raising as well as expenditures—

Hon. Mr. McKeough: My guess would be that Cobalt is a bit more, but I gather that for various forms of disaster relief for the last 10 or 15 years, the average would be somewhere in the neighbourhood of \$100,000, \$200,000, including Cobalt. I just don't see any point in setting up a special fund to look after those kinds of situations.

Mr. Warner: There would be no reason not to. Okay. In terms of both of those reports, particularly the Robarts report, is it your intention to provide some of the financial information which is missing so that we can better look at the financial relationships which should exist between large urban centres such as Toronto and the provincial government? As I am sure you have noted, the financial information we need in order to structure a better relationship is not in the Robarts report, nor is it in the Mayo report. Do you intend to present us with some of the figures we need?

Hon. Mr. McKeough: At some point, yes, when some basic decisions or conclusions have been made. But subject always to the fact that if we did it now we would be using 1976 figures for something that is going to happen in 1979 at the earliest, which makes projections very difficult.

[10:45]

Mr. Warner: Agreed, but those figures are needed, particularly when we talk about revenue raising for large urban centres. The share of points, the income tax scale, whatever it happens to be and I don't think we can just easily dismiss that and I think that we need some figures and they certainly weren't provided in either of those two reports I cited. I, for one, would appreciate if the Treasury could come with those figures. Perhaps it's more relevant as we move into the spring and we see your legislation on Metro Toronto.

Mr. Hall: Mr. Minister, I'd like you to put on the record the cost of the Archer review of the Niagara regional government.

Hon. Mr. McKeough: In round figures the staff say \$250,000.

Mr. Hall: Thank you, I know you're getting reports in on it, and time is late and short, so I'll cut my remarks to the bone. I'd like to caution the minister against adopting the unification of the town of Lincoln and the town of Grimsby into the city of Lincoln or Grimsby or whatever you wish to call it. I can find no evidence that Mr. Archer was able to justify it in his report and certainly in my view the municipalities have not perceived many benefits.

Mr. Archer did attempt some administrative suggestions for the regional council which apparently have not been very well accepted. The feeling is that he didn't get down to many of the basics.

There's been a lot of discussion on relative costs if we had regional government or if we didn't have regional government. I'll leave that argument to others tonight. But I do feel that an unmeasurable cost is the cost of the delay that occurred because of regional government. I put on the record that it seems to me costs had to rise with regional government because it's my understanding that there was no one let go under the regulations that set the program out. People with positions on municipal staffs had their jobs guaranteed, and any growth therefore went from that point forward.

When I talk of delays, I talk of sewer delays which took several years while there were some jurisdictional arguments and so on and so forth. I would also suggest that

when I look at this matter over the whole province of Ontario, I'm concerned about a weakening of the Ontario Provincial Police, a respected force, because of the proliferation of police forces regardless of other aspects and merits of the case. This I think is a detraction from any theory of regional government.

It seems to me that regional government in the province of Ontario right now rests in four different groups or categories. I liken the Metropolitan Toronto government to a system of regional government which by and large seems to work because you are dealing with a bunch of communities which roughly have the same problems.

Then I turn to regional governments such as Niagara and Ottawa-Carleton which have been in place a long time and would be very difficult to completely remove, but in my judgement certainly need improvement. A third category would be those that have recently been put into place and in my view there is a very strong question as to whether they should be proceeded with further.

The fourth category are municipalities that don't have it, and I think this government should look very carefully before it moves further afield. The reason I have an argument with any city member is because I represent a rural area. The argument existed in county government—and it has not yet resolved itself under regional government, it seems to me—about the question of the rights of the lower tier versus the upper tier—one-tier governments versus two-tier governments. I tell you it hasn't gone away in the eight years that have passed in Niagara. I must confess, I don't know the answer. I could argue both sides of the coin possibly as you might well too.

Time is short and there is one more speaker; I just want to mention in passing what I touched on the other night, because it affects the area government in Niagara and the urban area boundary problem with which we are having to live. When you're talking free trade, it really prompts me to say another word about fruitland preservation, because that won't solve the problems of the containment that we've had down there in the preservation of unique agricultural lands in trying to keep Niagara a viable area. There are other factors working against us right now; the Seaway tolls present a certain problem to industry in the Niagara Peninsula. There hasn't been anything good happening in this area, in terms of economic help.

Hon. Mr. McKeough: We've covered your comments about the OPP. I think someone would hold a contrary view, that it is per-

haps a good thing that we have, over a period of time, developed a number of other forces not of the size of the OPP. But, sometime ago, we rejected the idea that there would be only one police force in the province or that there would only be half a dozen police forces in the province. We have deliberately chosen to go a different route.

I don't think the OPP has been hurt. I think the OPP would say that they have been strengthened in their crime detection, prevention and apprehension roles by the presence of sophisticated, well-equipped, larger regional forces. I don't put those words in their mouths. I think that's come through from the police commission and from the Solicitor General (Mr. MacBeth) on a number of occasions.

Mr. Hall: Cost enters into it as well.

Hon. Mr. McKeough: Yes, and I'm hard pressed to find the savings in the Solicitor General's budget. When the regions assume a larger role, the savings don't seem to show up in dollars and cents in the OPP budget. They are there, but they are a little hard to identify because the OPP has been growing as well. I'm not sure we will solve that whole situation completely until somehow or another we move to start charging for local policing at whatever standard it is being provided at. I think that will be a revelation to some people.

I would have to say that the regional police forces have been one of the pluses of regional government, because they are better police forces. This is particularly true in those municipalities that can't afford them.

There is another point I have to make in response to what the member has said, and I say this as an observation and not to be contentious. During my 10 years on the scene, we lose sight of the fact of the delays that the member mentioned. But the delays have moved out to the local level in large measure, and the frustration which local municipalities had in dealing with the province in many ways have been transferred to the local level. Whether that's a good thing or not, we can argue about for a long time.

But the blame attached to Queen's Park—that's one way of expressing it—is not nearly as prevalent as it was 10 years ago. A large degree of responsibility has been passed to, and has been accepted by, a stronger local government. Frankly, it wasn't possible to give such responsibility to the village of Chippawa or to the township of Wainfleet without them being part of a larger unit of government. We lose sight of those things. Mr. Robarts, in the case of Metro, would

have us go much further and that's to be debated on another day.

When we talk about remote regional Niagara that may well be true. But have we substituted a remote regional Niagara for a much more remote Queen's Park? The province has grown during that time and I think it is reasonable to assume that had we not had regional governments in place doing more of their own thing and making a lot more decisions, albeit not perfect decisions, it is completely open to debate whether we, as citizens, would make the same decisions—and Ms. Bryden wouldn't agree with many of them.

If St. Catharines is remote from Grimsby or from Wainfleet, I would have to suggest that Queen's Park is a hell of a lot more remote. During even the seven or eight years that Niagara has been in being, had Niagara not come into being, Queen's Park would have become much more remote. Those are the things that have to be weighed and that cannot really be proved.

Mr. Hall: You'll record my comments about the recommendation of Archer on the city of Lincoln.

Hon. Mr. McKeough: I listened to those with a great deal of interest.

Mr. Hall: You agree?

Hon. Mr. McKeough: I listened with a great deal of interest. But I don't know that we've heard from Lincoln and I don't know that we've heard from Grimsby as yet. Or is it the other way around?

Mr. Hall: The other way around.

Hon. Mr. McKeough: We have heard from Grimsby but not from Lincoln.

Mr. Hall: It's coming immediately.

Mr. Chairman: Are you finished, Mr. Hall?

Mr. Hall: Yes, Mr. Chairman.

Mr. Chairman: I should point out that the time has lapsed for the consideration of these estimates but if you could wind up, Mr. Van Horne, in a minute or so, I'll permit it.

Mr. Van Horne: I'm probably considerably remote from winding it up in an appropriate way but I would like to ask this rather general question of the minister. In light of a recent report in a local newspaper which alluded to comments made by the Minister of Education (Mr. Wells), and the comments were made, as I understand it, to members of the Ontario educational administrative group, it was suggested in this report that there would be a shifting of the tax base for senior citizens away from them as their tax base relates to educational financing. In other words, it would

be a bit of relief provided for them. This may tie into regional government, local government or whatever. As I perceive it, it is a general provincial problem.

Is there any comment that the minister would make on what was purported to have been said by the minister as it relates to the shifting of tax base away from senior citizens to provide them some sort of relief, keeping in mind that that particular group is growing in our community and many of them are suffering from a fixed income? Coincidental with that, I would also have to ask if there is any thought given that the cabinet might consider a grant structure wherein a grant would follow the student. In other words, in the case of many students who are now attending alternate and independent schools, their parents are not receiving any form of tax support. Is there any thought coming from the cabinet that they too might be considered in terms of the shifting of tax support?

Hon. Mr. McKeough: Not in these estimates and not to my knowledge generally. That's a question you might want to put to the Minister of Education in his estimates but certainly not within these estimates that are here before us.

I didn't see the speech of the Minister of Education or a report of that speech. There is no intention on our part to relieve the burden of education taxes on senior citizens. We have very carefully drawn that distinction for the majority of senior citizens. I pointed out the other night and gave you figures that a senior citizen can receive, and does receive through a combination of tax credits and the Municipal Tax Assistance Act up to \$470 or \$480, which is more taxes than a great number of senior citizens pay, particularly those on a more modest income.

We would not draw the distinction between education taxes and municipal taxes because there is very little point in reducing one without keeping an eye on the other. Any further relief which would come, in my view, through the tax credit system would be on total municipal taxes, and we've gone a long way already. Any further relief would be on total municipal taxes. As to the source of that—and what a happy way to end these estimates, Mr. Chairman—if the member would like to do further reading on that subject, I would refer him to a historic charter issued in Bramalea some months ago.

Mr. Van Horne: It's like throwing a spear through my heart.

Mr. Warner: Tell us about the lien against the house.

Vote 1105 agreed to.

Vote 1106 agreed to.

Mr. Chairman: This completes considera-

tion of the estimates of the Ministry of Treasury, Economics and Intergovernmental Affairs. The committee will reconvene tomorrow morning at 10 to consider the estimates of Government Services.

The committee adjourned at 11 p.m.

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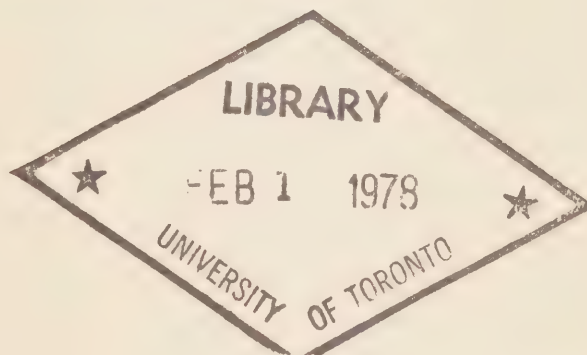
No. G-10

Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Government Services



First Session, 31st Parliament

Wednesday, November 2, 1977

Morning Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

WEDNESDAY, NOVEMBER 2, 1977

The committee met at 10:05 a.m.

ESTIMATES, MINISTRY OF GOVERNMENT SERVICES

(continued)

On vote 802, provision of accommodation program; item 1, program administration:

Mr. Charlton: With reference to the general policy, I notice in item 2 there has been a substantial reduction, and in 3, a fairly substantial increase. Does that relate to policy? Is that a change in policy direction, or is that just circumstantial because of the kind of accommodation that was needed?

Hon. Mr. McCague: What are you referring to?

Mr. Charlton: Item 2 is capital construction and there is a decrease of \$15.5 million; in item 3, leasing, there is an increase of about \$10 million. I am just wondering if that is because of a change in policy in the way you are viewing accommodation, or is that just as a result of the kind of accommodation it was necessary to provide this year?

Hon. Mr. McCague: There is a definite cutback in capital construction. Likewise, there is an increase in leasing. It is a general kind of question, I think. Why are we cutting back in capital construction and why is the leasing increased?

Mr. Thatcher: The decrease in the capital construction is largely due to constraints by the government in its overall policy. In addition, there have been some delays in construction, just simply unavoidable delays, that have reduced the amount that we could have spent in any event. Those two factors contribute about equally to the reduction in the current fiscal year.

In the leasing program, there were some major increases in the provision of accommodation for courts in Toronto. That is the largest increase in that item for the current year. I will just give you figures for them. The Attorney General's projects in total amount to \$4.7 million, and in the total figure, which you will see is approximately \$10 million, the balance of that is made up from \$2 million which previously had been

shown in there as recoveries and is now billed separately, increases in existing leases—that is to say, the effect of escalation clauses in existing leases—plus the negotiated new rentals where a lease runs out and we renegotiate it at a higher value.

If you add all of those together, the difference for the current year is some \$10 million higher than the previous year.

Mr. Charlton: How much of it was for new leases?

Mr. Thatcher: For new leases, approximately \$1.5 million.

Mr. Charlton: So most of the rest of it is because of either escalation clauses or renegotiated leases?

Mr. Thatcher: I am sorry, if I add in the Attorney General's projects and an item called "uncommitted leases," the total for new leases is \$7.4 million of that amount.

Mr. Charlton: Okay. What I am really getting at here is, does the ministry think that by reducing capital construction as a result of the constraints program and thereby putting new facilities into leased premises, in the long run the ministry will be saving money?

Mr. Thatcher: I think it's a matter of going in cycles, Mr. Charlton. We would hope that as time goes on the staff in leased premises would gradually be moved into new buildings at an appropriate time. The time is probably dependent upon the Treasurer's (Mr. McKeough) view of how the province's overall financial management should be dealt with in any year. The fact is we are using leases to put small numbers of people in from time to time and then, periodically, we gather those people into a new building at a time when we can put in a consolidated building. That's the program that we follow, so there will be an opportunity in future years to take these people out of leased accommodation into government-owned accommodation.

Mr. Charlton: What I was getting at is, is that a saving in the long run, in the ministry's view—not necessarily in the Treasurer's view but in this ministry's view—or would that be a slightly additional cost?

Mr. Thatcher: It's a practical thing. Overall, we believe that owning the building is

slightly cheaper than leasing. But if you only have a small need you can't very well build a building for a small need. You're pretty well obliged to lease for that small need and for a few subsequent small needs, until the aggregate is sufficient that you can build a building to house that number of people in it.

Mr. Chairman: The minister has a number of answers to questions which were asked the other night.

Hon. Mr. McCague: Mr. Ruston asked about the cost of Spectrum. It's \$7,500 per annum.

Mr. Ruston also asked about the news releases. There are three basic types of news releases: tender calls and contract awards; special events—the "At Queen's Park" series—and the official openings and sod turnings. For the tender call contract awards, approximately 180 copies go out to the legislative press, local daily and weekly newspapers, radio and television outlets, pertinent industry or trade publications, local MPPs, government communication offices and MGS officials. For the special events, which you're probably familiar with in the Macdonald Block, approximately 300 copies go out each time. For official openings and sod turnings, approximately 170 copies go out to the same kind of a list as tender calls and contract awards. The cost of mailing those on a yearly basis is about \$1,700.

Mr. Ruston also asked about the Keith Martin report. The deputy was familiar with it but didn't identify it as such. The Office of the Premier commissioned a survey dealing with information service of the government of Ontario. Certain recommendations were made by Mr. Martin in this report. However, these recommendations have not been accepted or rejected at this time, but are under review by the government.

One of the recommendations dealt with is the centralization of information production services such as photography, slide and tape production, audio-visual equipment, et cetera. The Martin report talks about experience in the province of Alberta where centralization reduced expenditures by \$2.8 million. Potential savings for Ontario have not yet been determined. However, presumably they will be addressed in the present review by government. While this matter has no specific relationship to the Ministry of Government Services, I hope that information will be helpful to you, Mr. Ruston.

Mr. Ruston: Thank you.

Hon. Mr. McCague: Mr. Peterson asked about how much we were paying painters at night. I don't have the answer to the ques-

tion on a per-hour basis. However, I will give you these comments:

[10:15]

The condition of the building, and specifically members' offices, was the subject of considerable discussion during the review of our estimates last year. In that context, but not during the actual meeting, the former minister was asked and agreed to do something about the ceilings. We had a problem with soot coming through the air circulating system and it proved more difficult to find a practical solution than was anticipated. Effective air filters were installed after much experimentation only in July of this year. It took through August to get the soot worked out of the system. We could not ask for quotations until we knew that the soot was cleared out.

As a result, the spray painting with a special compound could not be done during the recess. The tender specified night and weekend work because it's the only time that it can be done. It was put out to tender. The successful bidder was Hallam Plastering of Thornhill at a tender price of \$28,106. The work started on October 24. It was to have been completed by November 11 but, because of some delays, it will now be November 18.

The chairman pointed out that there was a question asked, too, about the ramp. The contractor was Ross Johnston Ltd. There was some delay in this. It is a different kind of elevator. The curved glass that is used is not made in Canada and there was some delay in that. The doors on the northeast side are still missing because the contractor forgot to order plastic laminate for the doors. The electrician strike of July and August slowed it down.

The contract price is \$185,000, made up of the wheelchair lift which is \$25,000; the north ramp, \$100,000; the northeast entrance work, \$60,000. The total project cost was \$215,000.

Mr. Hall: Mr. Chairman, I appreciate the minister's explanation of the stucco painting of the ceilings, as to why it's being done now. At first I thought it was a government plot to make life a little more difficult but from what you say, Mr. Minister, it makes sense. I did notice soot in the ducts and I'm glad to hear that you did rectify the problem.

On the area of provision of accommodation, can you advise me whether there is any average term of lease that you are using when you enter into a lease?

Hon. Mr. McCague: Five years is the general average on a straight lease.

Mr. Hall: Do you, as a standard practice,

have an option to renew, and for how many years ahead do you have an option, if you do?

Hon. Mr. McCague: A further five years.

Mr. Hall: Are the leased properties a matter of public information?

Hon. Mr. McCague: Oh, yes—

Mr. Hall: Who has them? Where are they?

Hon. Mr. McCague: —very much so.

Mr. Hall: They'd be obtainable through your ministry? I don't want to burden you with presenting them here necessarily, but they're available?

Hon. Mr. McCague: Oh, yes.

Mr. Hall: On the matter of tender calls. Are tender calls required on all work that the ministry does?

Hon. Mr. McCague: No. I'll attempt to give you a short answer to this, Mr. Hall, and you can ask further questions.

On construction renovation and repair projects where the estimated cost is in excess of \$10,000, tenders are publicly advertised and opened publicly. Where the estimated cost is between \$500 and \$10,000, tenders are invited from at least three sources or publicly advertised, depending on the urgency and availability of contractors. When estimated cost is less than \$500, written quotations are requested from at least three sources. That runs true for accommodation, alteration and repair projects.

In operation and maintenance services—do you want to get into that?

Mr. Hall: I would just like to have some understanding, for the record, of how you do it, that's all.

Hon. Mr. McCague: In operation and maintenance services, where the estimated cost is in excess of \$2,500: public tenders, publicly opened. For estimated costs from \$500 to \$2,500, tenders are invited from at least three sources or publicly. For estimated costs from \$100 to \$500, oral quotations are obtained from at least three sources and where the cost is under \$100, one or more oral quotations.

Commodities and other services—materials, equipment and services—for estimated costs of \$5,000, tenders are invited from at least five sources or tenders publicly advertised. Where the cost is \$1,000 to \$5,000: written quotations from at least five sources with a selection from a minimum of three valid bids. Cost \$250 to \$1,000: oral or written quotations are obtained from at least three sources. Estimated cost less than \$250: one or more oral or written quotations are obtained.

Mr. Hall: You mentioned part way down that long list—which I must admit is hard to absorb quickly when you are not reading it—getting a collection of prices from public tender. So there's a point at which you make public tendering mandatory, based on the size of the job, but below that you use an option as to whether you will go one route or the other?

Hon. Mr. McCague: That's right. The cost of tendering probably wouldn't be justified.

Mr. Hall: When you tender, you mentioned earlier in an answer to Mr. Ruston's question the other night that you sent out some 170, I believe, notices of tender calls as part of your cost of distributing material. Does that represent notices to all daily and weekly newspapers or does it focus on an area where the work might be done? I am trying to understand how broad it is and how much opportunity contractors in small towns have to be aware of government contracts.

Hon. Mr. McCague: What we were referring to in the answer to Mr. Ruston was only a notice that says "tender is being called for"—and it might list the building or renovations to a building or for leased space in a certain area. That's all that says. The official tender notice would be in the local newspapers—plus, I guess, the Daily Commercial News, which is the industry paper that the contractors follow. So I think we are talking about two different things here.

Mr. Hall: The general thrust of my concern is to make certain, in this day of concern for the small business sector, that there's an opportunity provided to reach out to make them aware of what work's available to them. Possibly I think more stress should be put on that in the future than there has been in the past. If the private member's resolution—Mr. Eakin's—goes through, there will be other implications for small business percentages of contracts such as yours and anyone else's. That's the way you see it, I assume.

Hon. Mr. McCague: I think we would be interested to know if we are lax in any particular area. But if you advertise in all the newspapers serving a general area, plus the Daily Commercial News, that is probably all we would feel could be justified at this point. If there are some things you'd like to bring to our attention, we'd be glad to know.

Mr. Hall: No, this is not on a basis of any specific complaints. It's on a basis of seeking information, and understanding how your ministry functions.

I must say that I took the Daily Commercial News for some years, I can't quite say why, but a lot of the information always

seemed to appear in that publication after the fact. Not your government information, necessarily.

Hon. Mr. McCague: Well, there is an after-the-fact section there.

Mr. Hall: I realize that, yes.

Hon. Mr. McCague: I read it, too. That's one of the things I've noted.

Mr. Hall: They deal in sod in that ministry too.

You replied to the member for Hamilton Mountain in saying—it was a volunteered statement—that you find it slightly cheaper to own than to lease government facilities, I believe Mr. Thatcher said that this morning. What is “slightly” in your terms? Is this taking all things into account—the demand for capital, and what have you, or just the cost factors alone?

Hon. Mr. McCague: I think Mr. Thatcher would like to answer that one.

Mr. Thatcher: I said “slightly” because, really, I had to average things to give an answer. Leases vary, not only according to the cost of the building that we're leasing from the owner, but, in addition, depending on whether or not there is competition to lease in the community where we're leasing.

In areas where there is a lot of space available, the prices are, obviously, very competitive. In those cases, there is less advantage for us to build. In areas where there aren't sufficient opportunities to lease, where building owners haven't substantial floor areas for lease, we would pay a premium for what land space is available and would wish to build in those areas as soon as we could after leasing.

So, generally, you have to look at the particular circumstances. It's quite difficult to give you any more accuracy, in a general answer, than I gave previously.

Mr. Hall: I believe the minister said, in response to a question by the member for Hamilton Mountain, that capital construction was down some \$16 million this year, and restraint was mentioned—restraint being shortage of capital funds. Is this the right interpretation?

Hon. Mr. McCague: It's across the government, as you would realize. It really is the allocation that's given to us by Treasury or Management Board in their study of all estimates. I guess it may be thought of as one place where you can logically cut if you're looking at all government expenditures.

Mr. Hall: Yes, but given some sort of constant increase in demand for space for the operation of government, this would imply

that if it's cheaper to own a building, the current problem we're up against is, in effect, costing us money because we have to lease instead of construct our own. Is this true?

Hon. Mr. McCague: I think that depends, too. I would think that in Toronto, for instance, where a good deal of the space is—with the amount of space that's available at this present time—in this particular case, it would likely be cheaper to lease than it would be to start out to build.

Mr. Hall: That's very fortunate. Therefore, it's currently cheaper to lease than to build. Is this what you're saying?

Hon. Mr. McCague: Depending, as Mr. Thatcher said, on market conditions in a particular locality.

[10:30]

Mr. Hall: So, overall, I still don't know what your experience is, totally. Is the bulk of the leasing in Toronto? Is the bulk of the need in Toronto?

Mr. Thatcher: About five million square feet of owned space and about three million square feet rented in Toronto. So it's not quite equal.

Mr. Hall: The demand for the provision of accommodation has more and more been put under the responsibility of this ministry. Is this correct? Would you say that, considering the different ministries, there's a move to have the provision of accommodation consolidated under your ministry?

Hon. Mr. McCague: It has been.

Mr. Hall: Do you have any information, year by year, over the last 10 years, for example—by way of charts that you maintain yourselves—as to how the growth of government has required increased space, either owned or leased?

Hon. Mr. McCague: We certainly have it available. I don't know that we have it here this morning.

Mr. Hall: Could this be obtained for us, if it's a document that's already prepared by you?

Mr. Thatcher: Can I ask Mr. Browne if he has any information with him that would meet those needs this morning?

Mr. Browne: We have a fairly lengthy report which we put together a couple of years ago that looks at what we expect in the future and I tend to think that is the type of data you're talking about.

Mr. Hall: Yes, just what sort of a growth progression there has been, Mr. Browne.

Mr. Thatcher: We find that the information isn't in the appropriate form right now, nor

do we have copies. But we'll undertake to have that put together and copies brought back to committee before the estimate review is completed.

Mr. Hall: I asked the question because, as you know, there's been concern about the growth of government and the cost of government going on for several years. In the last year or two we've tried to move in a different direction with a reduction of staff and needs, and I would expect that if we're to achieve restraint, we'll see a different pattern to what has been going on over several years.

I think, therefore, that for the benefit of this year and next year, we should be seeing the effect of that restraint in the provision of accommodation as well as in other areas.

This relationship with other ministries, does it extend to agencies such as Hydro office space?

Hon. Mr. McCague: No.

Mr. Hall: The work that's contemplated on the old Hydro building, would they ask you to do that work for them?

Hon. Mr. McCague: No, they wouldn't.

Mr. Hall: So you would have me to understand that while the ministries themselves are heading towards having you do all their provisional accommodation, there are many other agencies and corporations in the government sphere that don't avail themselves of your services?

Hon. Mr. McCague: That is correct. Ontario Hydro is financed, as you know, outside of government.

Mr. Hall: In a way, yes. But all ministries themselves are now using your services exclusively, is this the case?

Hon. Mr. McCague: That's correct.

Mr. Hall: When they have excess space, you can't move in and dispose of it or reallocate it until such time as they deem it to be excess? Is this the case? You don't monitor their space requirements, you just reply to their request?

Hon. Mr. McCague: I think the answer probably is—not officially. But it always comes to our attention, and we would be making suggestions to them as to what would be done with any excess space.

Mr. Hall: I am just trying to understand the degree of centralization of the system, that's all.

Hon. Mr. McCague: I understand what you are aiming at.

Mr. Hall: If in 1977-78, Ontario Housing

wanted a site, would you be the one to acquire it?

Hon. Mr. McCague: What kind of a site?

Mr. Hall: A site for any purpose.

Hon. Mr. McCague: Yes, except that I suppose there have been cases where they purchased land or did the optioning mechanism that we talked about.

Mr. Hall: They used to do it themselves, of course, all the time. But I am wondering to what extent that has changed over as well.

Hon. Mr. McCague: We do the actual search for property for them.

Mr. Hall: And do you act as a purchaser?

Hon. Mr. McCague: We purchase for them.

Mr. Hall: Having acquired a piece of property, though, you have fulfilled your obligation if it is in response to a ministry request, and the ministry has the obligation to utilize it.

Mr. Thatcher: Usually, we buy land for building purposes. The exception to that is our buying land for the parkway belt and buying land for Natural Resources for park purposes. Other properties that we buy are almost invariably used for development. We don't buy the land until we are assured of the need for the development and until this has been reviewed in the estimates process and approved by Management Board. At that time we buy land, we engage an architect or have our own architectural staff start on the design work, and we carry the whole thing through as a project. We don't normally hold land indefinitely without having a specific purpose and without having a schedule to put something on it.

Mr. Hall: You mentioned the exception of the parkway belt. Are you the only government agency that is doing any acquisition that is required in the parkway belt?

Hon. Mr. McCague: That is correct.

Mr. Hall: So wherever you do it, you do it solely on your own; there is no confusion between ministries at all.

Hon. Mr. McCague: No overlap.

Mr. Davison: Mr. Chairman, I have a number of questions under this vote, but the minister was going to get some material for me and some information on the question of the policy as regards to maintenance. I gather this is not yet available.

Hon. Mr. McCague: That is correct.

Mr. Davison: I have some questions arising out of some of the points Mr. Hall has raised, especially in regard to certain infor-

mation that was given to members of the committee at the last round of estimates for Government Services. There seems to be a substantial difference between the story your ministry has told Mr. Hall and the story your ministry told the estimates committees last year.

For example, today when Mr. Hall questioned you about various boards, agencies and commissions in government not using the services of your ministry, either you, Mr. Minister, or Mr. Thatcher said there were many others that don't avail themselves of the Ministry of Government Services' services. But in the last round of estimates, the only two agencies that were mentioned were Hydro and LCBO. Has that list been added to substantially since May 1976? If so, what boards, agencies and commissions have been added to that list?

Mr. Thatcher: The general rule on that, Mr. Davison, is that the Ministry of Government Services is responsible for providing accommodation to the needs of government. That's how the Act describes it and it is interpreted as generally being for those programs that are financed out of the consolidated revenue fund.

The boards and commissions and other agencies of government that are financed separately, I don't think in any case have come to us, nor have we approached them in the matter of providing accommodation.

There are some boards, agencies and commissions that operate from revenues obtained from the consolidated revenue fund, and in those cases we usually do provide accommodation. These are often advisory groups who are often housed within the ministry that they support. I haven't a listing with me of all of these, but generally speaking, those operations that are centrally funded we are responsible for. Those that are funded in an outside way by revenues of their own, generally speaking we are not responsible for.

Mr. Davison: Is Mr. Gray still employed by your ministry?

Mr. Thatcher: Yes, he is.

Mr. Davison: Is he here today?

Mr. Thatcher: Yes.

Mr. Davison: If I might read you a quote from Ontario supply committee, May 6, 1976, page S-556, Mr. Gray said, "The realty services branch of the Ministry of Government Services is the agent for the government in buying land, except for the MTC outside the parkway belt, Ontario Hydro outside the parkway belt, and all liquor stores' purchases and leases. Other than that, all purchases are done by the Ministry of Gov-

ernment Services." I take it, then, that Mr. Gray was in error on May 6, 1976.

Mr. Thatcher: I think essentially what he said was correct, and I think it is essentially the same as I am saying now.

Mr. Davison: I understood you just to say that there were a number of other agencies of government or arms of government, or whatever other word you might choose to use, that aren't funded out of consolidated revenue that you don't purchase for. That's not the impression I get from what Mr. Gray said.

Hon. Mr. McCague: I think you are getting a little confused about what the other agencies, boards and commissions are. Mr. Thatcher, can you list a few of those? There is the Human Rights Commission and the Land Compensation Board and the Ontario Municipal Board. Some of those. I think that's where the confusion is coming from.

Mr. Thatcher: Those that the minister has listed are what would be termed "functions of government" and are now financed from the consolidated revenue fund; we are responsible for providing them with space. The Municipal Board—I am sorry, I am not carrying in my mind a good list of boards and agencies and commissions. But there are a number of them that we do provide the service for in the category that I have described.

[10:45]

Mr. Davison: But you also said today that there are many others that don't avail themselves of your services. I was under the impression that with the exception of the Ministry of Transportation and Communications, and the Ministry of Natural Resources in terms of Crown lands, or lands without buildings, the only two, aside from those ministries, were Hydro and the LCBO. But I have the clear impression today that there are many others in addition to Hydro and the LCBO.

Mr. Thatcher: I don't think there are many others, Mr. Davison. We provide the space for most commissions and boards of inquiry that are established by the government.

Mr. Ruston: The Ombudsman might be one.

Mr. Thatcher: The Ombudsman might be one, yes. The Ombudsman would seem to be one who breaks the rule that I just gave you though, because I believe he is funded from the consolidated revenue fund and he has not availed himself of our services.

Mr. Davison: Do you understand my con-

cern? It struck me in your response to Mr. Hall that there were, in fact, many others. If there aren't, I am satisfied with that.

You also said today that all ministries do so. That is, of course, subject to the consideration that the Ministry of Natural Resources and the Ministry of Transportation and Communications don't do it when it is not involving buildings.

Mr. Thatcher: No, excuse me, Mr. Davison, we buy financial resources even though they are not buildings. We buy crop-land financial resources.

There may be some confusion there because they don't appear in our estimates. They are funded by Natural Resources. They appear in their estimates and we do the actual purchasing. In the case of all lands that are patented lands, not original Crown lands, we hold the title. But the Ministry of Natural Resources holds title to all the unpatented Crown lands, and that sometimes is confusing.

Mr. Davison: You should have added the word "perhaps" there. You should have said, "We buy lands for the Ministry of Natural Resources, except perhaps in the case of dealings with Crown lands."

Mr. Thatcher: Yes.

Mr. Davison: So you do. Do you buy property for the LCBO within the parkway belt?

Mr. Thatcher: We haven't had any requests that I am aware of. If we did, we would certainly be prepared to do it. If the LCBO wanted a location in the parkway belt area, I would suggest to them, if it were brought to my attention, that we do the purchase for them. We are doing the purchasing in the parkway belt in order to avoid having different agencies approach the same owner.

Mr. Davison: At the time of the last estimates, Mr. Thatcher, you said you would be keeping in touch with agencies like Hydro and LCBO; that you have a close relationship, that you trade people from time to time to balance work loads and such. You gave me the indication that there would be an informal process of explaining to Hydro and the LCBO how it was beneficial for those agencies and for the people of Ontario, in terms of the benefits that can be accrued from collective purchasing, to have their purchasing gradually assumed by the ministry.

Has there been any advance on that position, or are we still at the stage where nothing has been accomplished in that area?

Mr. Thatcher: I think really there has

been no change since last year. We do maintain contact. We do occasionally perform services for both those agencies. But I don't think there has been any substantial shift in their view of their responsibilities and ours.

Mr. Davison: In terms of policy, Mr. Minister, are you convinced we could save money if your ministry would assume those functions for Hydro and the LCBO? I say that in the sense that it all comes out of the same taxpayers' pockets or consumers' pockets in the end.

Hon. Mr. McCague: To what are you referring when you say "save money"?

Mr. Davison: The former minister, Mrs. Scrivener, and Mr. Thatcher were, quite rightly so, proud of the job the ministry has done in the past three years in bringing other ministries like the Ministry of the Environment into the collective purchase system. You are explaining how that was good for Ontario because collective purchasing could save us a fair amount of money. Are you still committed to the policy that you would like to see all government land purchasing, where possible, done through your ministry?

Hon. Mr. McCague: I do not have any particular ideas on it. I think the advantages would be in consolidation of manpower. That would be the advantage that I would see at this point. But I am not aware of the extent of the purchases of the LCBO or Ontario Hydro, so I really don't have an opinion on that. I would be glad to look into it, though.

Mr. Davison: Oh, fine. That's good.

Mr. Chairman, there are three other things I would like to raise, all three of which are essentially policy questions rather than fitting under any of the other categories. Perhaps I can have your guidance as to what they are and perhaps you could tell me if they fit into the program administration or one of the other items in the vote.

One is the question of ministry's policy decisions in terms of which parts of government get on the government's telephone lines. The second is the question of rental of government-owned property to organizations that the government disapproves of. The third is the question of what direction the ministry will take in terms of the policy of stepping up capital construction in the Sudbury area in view of the economic situation.

If you could help me with those three matters, I would appreciate it.

Mr. Chairman: Mr. Davison, I would suggest that the first item you raised with respect to the telephone lines would come under vote 804, supply and services program.

The second matter, with respect to the leasing of buildings where the government does not approve of—

Mr. Davison: The activities they are being used for.

Mr. Chairman: I would suggest that would come under item 3 of vote 802. We have not arrived at it yet, but it is two items down.

Mr. Davison: Does that leasing refer to the government's leasing its buildings and leasing private buildings? Does that cover both of those?

Hon. Mr. McCague: Well, not really.

Mr. Davison: The lease purchase?

Hon. Mr. McCague: Real property management, probably.

Mr. Davison: Real property management. Okay.

And the question of the policy in terms of response to the disastrous situation in Sudbury? Capital construction?

Hon. Mr. McCague: I would think so.

Mr. Chairman: That is right. Item 2 under this vote.

Mr. Ruston: I wanted to ask: With regard to your tendering, which was brought up previously, under the Government Services Act, section 14, you now take security by way of a bond, et cetera, and by way of deposit of money also, in some cases. I am wondering: On small contracts, is a certified cheque for 10 per cent of the contract price available to some people to use, or is it strict that it must be by way of a bond?

Hon. Mr. McCague: Basically, unless the project is over \$100,000, there is no bonding provision. I think you have to realize that a lot of the contractors who are bidding on projects below \$100,000 would find great difficulty in getting a bond. So a bond is normally not required under \$100,000.

Mr. Ruston: The reason I asked was that another department in the government, the Ministry of Transportation and Communications, had a case in one of the towns nearby where it had a bid—it is another area, traffic lights. The one company had bid \$23,000 had a bond, and the other company bid \$19,000 and something and had supplied 10 per cent of that in a certified cheque. It wasn't acceptable.

To me, probably that might have saved the transportation and communications end of

town \$3,000. I understand now that they are looking at a change in their policy. But that is the concern I have about some of these small businesses. Mr. Hall mentioned a few minutes ago that we were looking to increase our employment and so forth and this is one area we all are looking at. So that was the reason I asked that. In effect, for any contract under \$100,000, is it not necessary to have a bond?

Hon. Mr. McCague: That's generally, basically true.

Mr. Ruston: This is kind of in between, I suppose. I'm trying to think of your policy. You built a new office complex in the city of Windsor, a consolidated office. My understanding is: lease purchase projects on page 64, annual rent, \$498,000; budget for this year, \$85,000. Below it you have for consolidated office building phase two a budget of \$25,000; consolidated office building phase three, interior partitions \$900,000. My assumption is that this is a buy-back lease. I understand, for 20 years. In effect, that's a building itself and then it would appear to me that Government Services put in the partitions and paid for them themselves and that's the \$900,000. Am I assuming correctly on that?

Mr. Pencak: Mr. Chairman, on the Windsor project, which is really our lease purchase project, we studied it for three separate parts.

The first part, which is the basic construction of the building, was done on a lease purchase basis and this was done by the developer. The other two parts of the project—the site services and the interior partitions, which are still a separate project, were treated as if they were capital projects, and were tendered for separately. Specifically, the \$900,000 is for partitions, furniture, furnishings and equipment.

Mr. Ruston: And this was tendered, you say, sir?

Mr. Pencak: Yes.

Mr. Ruston: And that was a buy-back, wasn't it? That's the 20-year?

Mr. Pencak: Twenty-five-year.

Item 1 agreed to.

On item 2, capital construction:

Mr. McGuigan: Mr. Chairman, looking under item 2 under this vote, capital construction activity, it says the goal is to provide accommodation to ministries and agencies of the government of Ontario on schedule and at a reasonable cost and so on.

A number of years ago, I was a gov-

ernment appointee to a body called the Agricultural Research Institute of Ontario. It's still quite active. I gather the group was to administer and co-ordinate the research activities of the Ontario Ministry of Agriculture and Food and to see that there weren't duplications between one station and another and to pick out the things that were of the greatest priority. I remember one of the real frustrations that we kept running into was when we were putting in a request for, say, a beef barn in Arkell or Guelph or Ridgetown, or wherever it might be. We'd name the dimensions of the building and, as the farmers on the committee, we would estimate in our mind that such a building might cost \$10,000 if we built it.

[11:00]

Then it went to the Public Works people who I understand are now incorporated under this ministry. They would come back with a cost of, I'm trying to remember the figures, maybe \$100,000 for the same building, because they would take soundings of the soil, and put up great foundations. I guess every building is an extension of the architect; he wants to make sure that the building is something that he can be proud of and is going to last a long time and will be a credit to him and so on.

One can't argue that one. Look at this legislative building. It wasn't built by casual builders who didn't look at the soil. Had it been, it wouldn't be here today. But in a great many cases where we're building garages and workshops and agricultural buildings and so on, do we really have to go through those types of architects who use such, well, long-term standards?

There's a truism in the trucking industry, if I can use it for an example. That is, if you never have a truck break down on the road then you're overmaintaining, you're replacing parts that will have a lot of useful life in them. Of course, we don't want that to happen to airplanes, but for surface travel, you can overmaintain. It seemed to us at that time that the government programs were always overbuilding in those types of building. We would far rather have seen the extra money go into the actual research project to try to bring forth the answer we were searching for—how to keep Ontario farmers more competitive in world agriculture.

We were never able to overcome that. It just seemed to be government policy that you went to Public Works and Public Works was immovable. Eventually we had to accept it. I wonder if that is still the case and whether in fact the opposite case to that of our

friend, Mr. Davison—that maybe some of the ministries would be better off building these places themselves rather than having it come through the one central agency, which a few years ago seemed so immovable.

Hon. Mr. McCague: It's a matter of judgement as far as you're concerned, and I, coming from a farm myself, wouldn't be likely to build a barn to government standards. I think Mr. Thatcher should discuss this with you.

Mr. Thatcher: Mr. McGuigan, there has been a change in the policy in the ministry in the past few years. Formerly, and I'm speaking of prior to about two years ago, projects were given to architects with the most general instructions on budget. Today, every architect, when he receives a commission, receives a budget and if his design is in excess of budget he has to take it back and redo it. We don't go by his estimate of the cost, we go by our own estimator's cost based on his drawings. We arrive at the budget by looking at comparable buildings that, in our view, meet the need without exceeding it.

In the case of some specialized facilities, this is sometimes difficult where we might be doing something that has not been done before. We have to call in somebody who will make some guesses with us as to what this should cost. But generally speaking, most of the facilities we do build are to a style and a standard that can be accurately determined before the architect starts his work.

I might say in the case of smaller projects, projects of \$200,000 or \$300,000, we would usually do those in-house, unless they were of a specialized nature. Doing them in-house, of course, we've got total cost control over the standard we adopt.

Some things, like soil investigations, are essentially good insurance. If I were building for myself, I would never build a structure of any kind without checking the soil first. Other things you might consider to be frills are probably those things which in previous years have led to failures in a structure, of which our architects and engineers are aware. They simply don't want to repeat the chance of a failure.

So there are some safety measures and good design practices that really any professional engineer or architect would utilize in the building. You could probably build it cheaper with a handyman or a crew of handymen, and it might stay up, but you're taking that chance. It might not.

Mr. McGuigan: I think we always appreciate that a building would probably cost

double the requirement, but we were always mystified by them costing eight and 10 times as much. I'm glad to hear you say they have changed the policy in order to set a budget for the architect. I would certainly applaud this and say it was a real step forward.

Hon. Mr. McCague: I think there's been quite a change in policy, really. I can't recall one in the last month, but I think if, for instance, barns were required at a research station, there are considerable pre-engineered buildings available now that we would very likely consider having constructed on a farm-related site. The policy has changed, I think you will find.

Mr. Charlton: I have a couple of areas of concern here. First, I'd like to go back to the tendering process that we were talking about the other night. I went through the 1976-77 annual report again after we spoke the other night about Embassy Management. I can find 16 cases in the report where Embassy is listed with other bidders. In none of those cases was Embassy the low bidder, and in fact in none of those cases was it even in the low half of the bids. I can find 10 cases in the report where Embassy was awarded a contract and in all of those cases there are no other bidders listed. That raises my curiosity. I would like to ask the minister if he could provide me with a list of the other bidders, and their bids, on those 10 contracts which Embassy was awarded.

Hon. Mr. McCague: On the 10 that they were awarded?

Mr. Charlton: Yes. I can say in all the other cases I can find, the other bidders were listed anyway. So they're there.

Hon. Mr. McCague: No problem. I just wondered if anybody had it here but I don't think so.

Mr. Charlton: We were talking under program administration about capital construction as opposed to leasing. The deputy minister indicated that in most cases you like to get employees into government-owned buildings eventually. Sometimes that was difficult to do immediately because there just weren't enough of them to warrant constructing a building.

The ministry proposed to build a provincial office tower in Hamilton. I would assume before that proposal was ever made, the ministry felt it had enough people or enough government ministry offices and agencies, and so on in Hamilton, to fill the office space, or at least enough of the office space, to warrant the construction.

Hon. Mr. McCague: I am really not in a

position to discuss the Hamilton proposal with you, but the answer would be yes, there are enough people in Hamilton, if you collect them all up, to fill an office tower. You want to go further. I can see the next part of your question, but go ahead.

Mr. Charlton: Right. Obviously, yes. It is something that concerns those of us from Hamilton, in light of a number of facts. First of all, obviously the project has been dropped, so the question that follows there is, has the project just been postponed? Is it still on the books for the future, or is it most likely never to occur now?

Hon. Mr. McCague: It has been deferred.

Mr. Charlton: So it is still on the agenda for some time in the future?

Hon. Mr. McCague: That is right.

Mr. Charlton: Then this goes back to another question which I asked earlier. In the long run, is it going to cost the taxpayers of Ontario more to wait than to build now, and to continue now with the existing leases, than to build at a later date at an obviously higher cost?

Mr. Thatcher: Not necessarily.

Mr. Charlton: Not necessarily. What are the necessarily's?

Hon. Mr. McCague: There are a lot of "not necessarily's" to that whole project, as you know. There are a lot of things that have to be ironed out before that project could proceed. There are matters that involve the city council, and the regional council. There are various arguments between leasing the space, having something built on a lease purchase, or building it. There are three different ways. The project just has not reached the degree of finality, even in the planning stage, that seems to be envisaged by a lot of people.

Mr. Charlton: You say the project has not reached finality. I don't have those kinds of details.

Hon. Mr. McCague: Neither do I.

Mr. Charlton: Let me tell you, for example, a lot of people in Hamilton were given a very strong impression the project was to go ahead, probably in 1978.

Hon. Mr. McCague: It has been deferred.

Mr. Charlton: Yes, I understand it has been deferred now.

Mr. Ruston: It is like the one in Windsor. It was going to be built in 1975 and 1976. It takes a while, you know.

Mr. Hall: It is like the Olympic facilities.

Mr. Charlton: The other thing in this area which concerns us is the thing that Mr.

Davison mentioned earlier, for example, the possibilities of increased capital construction in Sudbury as a result of things that are happening there. That is largely what concerns us in Hamilton.

First of all, the relationship between not building now and building in the future, and at least the potential additional cost that can be involved in that, concerns us, as well as the fact that you have to leave employees in leased premises for the present time, and so on. The whole unemployment situation and the government's ability, perhaps, to address that problem through its capital construction projects and the other programs the government could obviously get into which don't relate to this ministry, concerns us at this particular time.

It just seems, for example, that the government spends money, when it has money, on things like this office tower. Then when the crunch is on in the private sector, out there in this world we live in, the government doesn't seem to have any money to spend on those kinds of things. The timing of government involvement in things like capital construction seems to me to be a serious problem in terms of planning. It seems to me it would be much more beneficial in hard times than in good times, in terms of the overall economy of the province. We seem to be getting exactly the opposite: The government jumps in when perhaps there are enough jobs to go around anyway; and when there aren't, the government is pulling out as well.

[11:15]

Hon. Mr. McCague: You are free to make those kinds of statements. That's about all I can say in reply to you.

Mr. Charlton: Let me ask this: The project has been deferred. Was that a recommendation of the ministry or was the ministry told to defer the particular project in Hamilton?

Hon. Mr. McCague: It's a matter of government policy rather than ministry policy.

Mr. Charlton: Right.

Mr. Davison: You see, defeat John Smith and look what happens.

Mr. Ruston: A hell of a lark.

Mr. Davison: It's all your fault, Charlton.

Mr. Charlton: That's all, Mr. Chairman.

Mr. Davison: If I might, could I seek a bit of further information on the office tower? Could the minister offer a rough chronology as to what has happened? I am a bit confused by the whole thing: The tower is on and then the tower is off; the tower is under further study and then maybe it is going to

happen but we haven't quite made a decision because cabinet has deferred it. This all started a number of years ago and I wonder, Mr. Minister, if you would take this opportunity to put it into context in terms of chronology as to when the decisions were made.

Hon. Mr. McCague: The only thing I would offer you would be that there are some major decisions that have to be made by the city, by the region and by the government about the whole project. You can talk about events as they happened, but we still have to get to the point where there is agreement on several things among the people that I mentioned.

Mr. Davison: Let me try it from the other direction. What is the city doing and what is the region doing that is causing trouble, I guess not to your ministry but to the cabinet? What problems have the city people and the regional people put in front of the provincial government as a method of deferring consideration as a cause?

Hon. Mr. McCague: There are certain regional matters involving some of their buildings that haven't been settled yet and, as you know, the office tower involves consideration of a convention centre. There are just some unsolved matters that make the matter difficult to discuss in a public forum at this time.

Mr. Davison: I sometimes think that a great deal of good would be done if government on occasion discussed things in public rather than in private. I think you have a good opportunity here to put it on the table. If the regional government of Hamilton-Wentworth is the one responsible for causing a deferral of this project, I would sure like to know because then I and my colleagues in the provincial Legislature from Hamilton could sit down and have a chat with the guilty parties at regional council.

Hon. Mr. McCague: I didn't indicate that it was the region that was causing us problems. I just said there were certain decisions to be made that hadn't been made and they are on three sides of it—the government, the region and the city.

Mr. Davison: It's something of a vicious circle, Mr. Minister, though, because my understanding of the city's position is that it is the government's deferral of a go-ahead on construction on that project that is causing the problem. They can hardly go ahead with the hotel proposal, the convention proposal or anything else until the ministry will say one way or the other if and when the

development of an office tower will take place.

The city and the region have an excellent record in terms of redevelopment in the urban core of Hamilton, as I am sure you are aware. Over the past number of years they have been very ambitious in what they have done. In some cases the provincial government was able to come forward to help. It strikes me we have reached an impasse now. Until such time as the provincial government will give a go ahead on this, I don't quite see how the municipality can go ahead with the convention centre or the hotel.

If the problem doesn't lie with the provincial government, if somehow the problem lies with the regional government or the municipal government, I would really like to know that and get that out in the open so that at least something can be done to change it there. We have very little influence, it seems, on changing government decisions provincially, but sometimes we can talk to our colleagues locally and get them to change decisions they have made which may be causing a problem. If there are some problems caused by the local area, please tell us about it so that we can go to them and get this project under way because it means a lot of jobs in the city of Hamilton.

Hon. Mr. McCague: If that turns out to be the case, I will speak with you.

Mr. Davison: I think too if it turns out not to be the case, if it turns out to be the fact that the provincial government in its wisdom has decided not to go ahead on its own, then you can be assured that I and my colleagues will speak to you.

Hon. Mr. McCague: Fine.

Mr. Davison: The question of Sudbury has become a very difficult one in the Legislature. My colleagues are of the opinion that the government has not done a great deal in terms of alleviating the problems in the Sudbury basin. We are concerned not only about the 2,800 jobs at Inco but subsequent problems that will arise from that and the prediction of local people that there will be a further additional loss of 3,200 jobs, for a grand total of 6,000 jobs in the Sudbury basin. It strikes me as quite sensible for government to sit down and as a policy decision say, "There are projects that we are planning in the future to come on stream in the next number of years in the Sudbury basin."

Is it not possible for us to advance those projects so that in some small way government in Ontario can do something to relieve

some of the pressure in the Sudbury basin caused by the massive layoffs at Inco? I would like to know if the minister has talked about this with his cabinet colleagues in terms of looking for a government policy as to what the Ministry of Government Services can do to speed up or bring on stream more quickly construction in the Sudbury basin.

Hon. Mr. McCague: The whole matter of what may be done in Sudbury is, I am sure, on the cabinet agenda today.

Mr. Davison: Today? It might be possible then during a further session of estimates to have you explain that there may be some solutions to which your ministry can contribute?

Hon. Mr. McCague: There's a possibility.

Mr. Davison: Possibility implies some hope. I thank you for that and I urge you to press very strongly in cabinet to bring those projects in the Sudbury basin on stream quickly so that we can relieve some of the problems there.

Hon. Mr. McCague: If we could wind up these four votes, I would go back there and help you.

Mr. Davison: In that case, I have no further questions on this section.

Mr. Hall: I almost feel like referring to the minister as Lonesome George. I am just amazed that for such an important area of government none of the seven Conservative members is able to make it today, but I have to give the minister credit for carrying on bravely at any rate.

Hon. Mr. McCague: Was that a commercial?

Mr. Davison: A paid announcement.

Mr. Ruston: In other words, there are no Tories here in the committee.

Mr. Hall: On the question of lease purchase, I notice you talk about 25-year deals where you have paid a certain level of rent and come into title at the end of the long-term lease period. That's the general outline of it.

When do you decide to effect a lease purchase arrangement as opposed to lease or purchase? What are the criteria there?

Hon. Mr. McCague: Basically it arises from the availability of funds and it's a long-term purchase rather than direct ownership from day one.

Mr. Hall: I realize that by the nature of the contract. But are you saying you would normally only get involved in a lease purchase where you were deficient in capital

funds? I frankly understood it to be a financing device used where you didn't have funds available. In the private sector a lot of people have to resort to this arrangement as their business grows and their own equity appreciates. I'm surprised the government would be doing much lease purchase if it is able to determine it will need a site for 25 years. That's a fair element of permanency and about as long as most people can look down the tunnel ahead. I'm wondering if the answer you provided is it's done because of the shortage of capital funds?

Hon. Mr. McCague: That is true.

Mr. Hall: Earlier this morning it was suggested your capital construction program was down and your lease program was up because of a shortage of capital funds. Do you see more lease purchase as opposed to lease in the future?

Hon. Mr. McCague: My crystal ball isn't that clear.

Mr. Hall: I'm still trying to understand. If there is a shortage of capital funds, you have two options, lease or lease purchase. If you were to tell me you needed a site in a certain location and that was the only basis on which you could do business with the owner, I could understand.

Hon. Mr. McCague: The only basis you could do business was on a lease purchase?

Mr. Hall: Yes.

Hon. Mr. McCague: Does that happen, Mr. Deputy?

Mr. Thatcher: If we have a choice between leasing and lease purchase, the first thing we would look at is the length of time we expect to occupy the premises. If it's a short term, we would go lease. If it's a long term we would consider lease purchase. If we decided to so lease purchase, we would acquire the site to begin with because it's inappropriate to receive proposals for good buildings on poor locations and poor buildings on good locations and this sort of thing.

So to get what we want and to be able to equalize the bid we receive, it's our usual custom to acquire the site and then make it available to proposers on a lease which is the same term as the lease purchase. If you're talking about a 25-year lease purchase, we offer this land on a 25-year lease to the proposer.

We also do the drawings so the buildings will be priced out by the different proposers on the same basis. Then we tender it and award it on the basis of the low bid. The bids come in of course on a rental basis, not on a capital cost basis.

I might just summarize by saying the result of this is at the end of 25 years we end up with an asset. If we were on a lease we would not. The difference between the rentals we pay on a lease purchase and a long-term lease are surprisingly close together. There's hardly any difference at all over 25- or 30-year lease purchase.

Mr. Hall: So, wherever you can see a continuing need, it might be more and more prudent to enter into these purchases. That's what you're saying, Mr. Thatcher.

[11:30]

Mr. Thatcher: I'm saying that where there's a shortage of capital funds, this is a way to obtain suitable facilities. I think that the matter of capital fund availability depends on the overall programs of government. In some years there will be funds for buildings and in some years there will be funds allocated for other purposes. We simply have to fit in with that overall program.

Mr. Hall: Sure. On a point of information only, pertinent to my riding, are the Niagara Escarpment Commission offices in Grimsby leased by the Ministry of Government Services?

Hon. Mr. McCague: Were they leased by Government Services?

Mr. Hall: Yes.

Hon. Mr. McCague: Yes.

Mr. Hall: For what term?

Hon. Mr. McCague: Mr. Gray will get that answer.

Mr. Hall: It's not necessary that I find out today if you can provide it later. If you know now, it's fine.

Hon. Mr. McCague: Can I put the answer on record, Mr. Gray?

Mr. Gray: Was that the office on Main Street, sir?

Mr. Hall: Yes.

Mr. Gray: It's 700 square feet and it goes to November 30, 1981.

Mr. Hall: In that the Niagara Escarpment Commission program was supposed to be a three-year program, it would seem to be a lengthy lease for that particular situation. I can only assume that you were following the request of the commission. Is that the case?

Hon. Mr. McCague: I don't think we have that answer. It's more likely that it was all we could get at the time. It had to be for a term.

Mr. Hall: Thank you. I have one other question. On the Queen Elizabeth Way, at Vineland and Grimsby, there are two fruit

sales outlets that are provided for by a branch of government. I've had contact with the Ministry of Agriculture and Food, and some contact with the Minister of Industry and Tourism (Mr. Bennett), the reason being that the Niagara Regional Tourist Council has set up facilities there to act as the only tourism recipient of people who cross at Fort Erie or Niagara Falls and proceed along the Queen Elizabeth Way into various parts of Ontario. They're fulfilling an important role, therefore, as tourist information centres.

In this expanded facility, they are also attracting a great number of people and there is a sale of food there at certain seasons of the year. Attempts to provide public facilities by way of washrooms have been impossible through approaches to the two ministries, which I mentioned. They related to their budget items but they said that if anything were done it would still have to go through Government Services as well. I'm just asking this for information of you. When they say that, they're implying that any work would have to be done by your ministry; the approval would have to come through them, but the work would have to be executed by you. Is this what's implied?

Hon. Mr. McCague: I would think that's correct, yes. What's the problem?

Mr. Hall: The problem is that they say these facilities aren't being provided. I have to assure you that it is a serious problem in that there are thousands of people stopping there. There are no toilet facilities, and there's an impression being created that Ontario's not very hospitable. This is my area of concern. As it happens, there are facilities there for the people who vend the fruit. When anybody else asks to use the facilities, whether they be people from the United States or other lands, they begin to perceive that they're second-class citizens or something.

I don't mean to dwell on this in your estimates. I want to understand how it worked, but I assure you the problem is important. Actually, under the Acts dealing with the sale of food, the government is breaking the law by not providing proper facilities in the nature I've suggested.

Hon. Mr. McCague: As of now, we haven't been asked to establish those facilities.

Mr. Hall: No, and I don't imagine you will be, unless I can somehow convince the ministries involved that it is a worthwhile thing to do.

Mr. Charlton: Mr. Chairman, I'm concerned about this item 2. We would like if

this item 2 under provision of accommodation could be deferred until the minister has had a chance to report back on anything that may be forthcoming in the case of Sudbury.

Hon. Mr. McCague: Mr. Chairman, I won't be in a position to bring you any message from cabinet as far as Sudbury is concerned. If there are any major announcements to be made, I presume the Premier (Mr. Davis) will be making those in the House, or the Minister of Northern Affairs (Mr. Bernier) will make them. I won't be in a position to convey to you anything that you won't hear before.

Mr. Davison: I think, Mr. Chairman, that Mr. Charlton's suggestion may be of some value. If the government takes a decision, or doesn't take a decision, at least cabinet has had the opportunity to decide. It might be appropriate, some time at the end of the estimates, to reconsider the matter. I'm sure that's a sentiment shared by our colleagues in the opposition who are all very concerned about the matter.

If there is any chance for us as members to have some input after the cabinet has made an announcement in regard to this ministry, it might be of some value to have 802(2) as one of the last items to be formally voted on. However, if we pass it now, if some further developments arise in the next few days out of cabinet decisions, members of the committee would have lost the opportunity to bring those matters forward for discussion with the Ministry of Government Services. I think there's some value in Mr. Charlton's suggestion.

Mr. Chairman: I suggest to you, Mr. Davison, and in so doing I recognize the validity of your point, it does get rather difficult if we keep holding over items in various votes. I suggest to you that perhaps item 1 of vote 805—management and information services program; program administration—might be a place in which we could discuss that, and the Chair will certainly give you an undertaking to do so if you wish, depending on what comes out of the cabinet meeting today, and depending on what the Premier announces in the House tomorrow.

Mr. Davison: Was that 805(1)?

Mr. Chairman: Yes, 805(1). It could be a vehicle through which you might be able to do that.

Mr. Davison: We would be satisfied with a statement from the Chair now.

Mr. Ruston: Mr. Chairman, on projects in your report for design and construction, I

was looking in the ones classified as minor capital projects. I was looking under the Ministry of the Solicitor General, pages 59 and 60, homes for the OPP. Are these under construction? Are they under planning or what? They are in little villages and towns throughout northern Ontario. There is an area, it seems to me, that could be speeded up. They may be classed as minor but it's all work. Can you tell me their status?

Mr. Pencak: Mr. Chairman, there are quite a few of these houses and trailers which are throughout Ontario, as you said, Mr. Ruston. It depends on each one. A lot of them are under construction. Most of them are under construction. Some of them, by the end of the year, would have been either completed or under construction. It depends on the specific project, but basically most of these projects are under way.

There might have been some revisions to these projects and some of them have been defined as lower priority by the Crown's ministry and, hence, another project introduced. So some of those listed in the blue book that you have, sir, may not go ahead. This would be due to a ministry's revision of priorities and another project in its stead may be implemented. Most of them are progressing in one stage or another through implementation.

Mr. Ruston: I see in lease projects you're completing, apparently, a consolidated office building in Sudbury in phase one. That must have just been completed in the last couple of years. Has it been built—your consolidated office in Sudbury?

Mr. Pencak: This is in lease purchase?

Mr. Ruston: Yes, lease purchase, yes. That building is completed, I take it then.

Mr. Thatcher: No, sir.

Mr. Ruston: Not completed yet.

Mr. Thatcher: No. Only the first phase of that. Some site preparation and filings for foundations have been done and the project is waiting now for a suitable time to award a contract for the balance of the building.

Mr. Ruston: Is this a major building of any particular size?

Mr. Thatcher: Yes, it's a substantial building. It will be essentially the headquarters of the provincial employees in Sudbury.

Mr. Ruston: In other words, this could go ahead almost at any time, provided the government agrees to it.

Mr. Thatcher: Yes.

Item 2 agreed to

On item 3, leasing:

Mr. Davison: I'd like an update from the minister in regard to a building in Hamilton, called Century 21, which I'm sure his deputy is familiar with. It's the building in which the Ministry of Community and Social Services has some space, and the Workmen's Compensation Board, I think, has space.

I'm concerned about the approaches the ministry takes in a situation like that building, where management of the building doesn't live up to the terms of the lease. For example: they can't provide electricity; they can't provide hot water; they can't provide heat; they can't provide windows that won't collapse—things like this.

What steps does the ministry normally take in dealing with building management in a situation like that? Is there a formal procedure or a series of procedures you use to try to encourage the building management to bring the building up to your standards?

Mr. Thatcher: Yes, we have staff who are called lease administrators, whose responsibility it is to inspect and review with owners their performance under the terms of the lease. Generally speaking, we're able to make satisfactory arrangements with building owners to live up to the requirements of the lease.

Obviously, if they don't, our ultimate position is, we simply would withhold rent until breaches of the lease were corrected. It's simply a contractual arrangement—we contract to pay the owner and he contracts to provide services to a certain standard.

Usually it doesn't come to that because most of them will realize they have to live up to the lease terms. In many cases our inspector may not be aware, so that if there's a problem in a certain building, I very much appreciate having the staff who occupy the building bring it to our attention.

I think the ultimate solution is certainly within our powers.

Mr. Davison: So, by policy, the ministry then does take a pretty tough position when it finds the building management just won't bring the building up to standard?

Mr. Thatcher: Absolutely.

Mr. Davison: You're quite prepared even to go to the lengths of withholding rent?

Mr. Thatcher: Certainly.

Mr. Davison: Excellent. I congratulate you on that policy.

Item 3 agreed to.

On item 4, real property acquisition:

Mr. Ruston: It was mentioned, I guess, last night probably in the first vote when we were talking about the Ottawa area. Could I

just cover a point or two on that? Have you any plans to construct any new office accommodation in Ottawa at this time?

[11:45]

Hon. Mr. McCague: To construct?

Mr. Ruston: Yes.

Hon. Mr. McCague: Or acquire?

Mr. Ruston: Maybe we'd better stick to construction so as not to confuse you.

Hon. Mr. McCague: I'm not aware of any plans to construct in Ottawa at this time. We have been asked to look for space for the courts in Ottawa.

Mr. Ruston: Yes, we have heard about that a number of times from the member for Ottawa East, and apparently that is a real problem. That's what I was wondering. Have you got anything concrete in terms of court space as of yet?

Hon. Mr. McCague: We invited tenders for space in the Ottawa area and submitted three proposals to the Ministry of the Attorney General. I think it's fair to say there was some local displeasure—there was something the matter with the sites that were chosen and the matter is at rest, I think, at this particular time.

Mr. Ruston: In the acquiring of property, in the Haldimand-Norfolk area for the town-site, you said that the local real estate people made the agreements at that time and then you came in and closed the deals. And there has been a lot of reporting about some of the things that went on there.

Were you saying in effect that you only closed the agreements that were properly signed by the negotiators and the land owners and that you were not really involved in any way in any discussions with the land owners about any agreements or anything that they may have signed?

Hon. Mr. McCague: As I recall, the options were taken by a real estate firm and we took over from there and closed the deals.

Mr. Ruston: So these were all signed, sealed and more or less delivered to your people.

Hon. Mr. McCague: That's right.

Mr. Ruston: Thank you.

Mr. Davison: Mr. Minister, I had a bizarre case—that's the only word I can use to describe it—come to my attention, last winter I guess, in which property in Toronto owned, by the Ministry of Government Services and awaiting development as government-used property, still had the original tenants in the buildings.

There were a number of buildings. Four

of the offices or stores in the group contained body-rub parlours. This was at the moment in time when the Attorney General (Mr. McMurtry) was, to put it mildly, quite concerned about body-rub parlours and all the attendant problems.

I wonder how we get into that kind of a jackpot, where the Attorney General is running down some specific practice—I assume it could happen too with the Ministry of Consumer and Commercial Relations in running down a particular practice—and yet the government is in fact engaged in renting property to the people who are involved in this practice.

Is there not some policy in the ministry whereby you review the nature of your tenants to see if they are tenants that are not considered by the government to be useful, contributing members to society?

Hon. Mr. McCague: I haven't been in those buildings, nor do I know the story you are talking about.

Mr. Ruston: Everybody contributes.

Mr. Davison: That is right.

Hon. Mr. McCague: So I will turn that over to somebody who knows about it.

Mr. Thatcher: Did I understand you to say there were four body-rub parlours?

Mr. Davison: There were four in one group of buildings.

Mr. Thatcher: I am certainly not aware of four body-rub parlours renting space from the Ontario government. We own some property, generally known as east of Bay, and in one of those properties we found a tenant we considered undesirable. We terminated the lease which was fortunately an annual lease. I don't know what activities, specifically, the tenant was engaged in, but generally speaking they appeared to be of a nature incompatible with our position as the building owner and we terminated the lease as soon as we became aware of it.

That is the only case I am aware of and I am not even sure that it was used as a body-rub parlour. I don't know exactly what was occurring inside the premises, but generally speaking we felt the tenant was undesirable.

Mr. Davison: Is the process a passive process whereby somebody complains to the ministry, "My goodness, why are you renting space to this despicable character?" and then the ministry engages in the process and says, "Yes, indeed, this is incompatible and we are going to get rid of this guy"? Or is it an active process? When you buy a block do you walk around and see to whom you are

renting, and then sit down and determine whether or not their activities are compatible with government policy?

Mr. Thatcher: Mr. Davison, when a prospective tenant approaches us he doesn't usually have his name in the lease document described as "despicable tenant."

Mr. Davison: Right, I understand.

Hon. Mr. McCague: If we wanted to assemble a block of land that had a body-rub parlour in it, I don't think the fact that the body-rub parlour was there would stop us assembling the parcel of land.

Mr. Davison: I am not suggesting that. What I am concerned about is the process and whether the process is active or passive. Is it a question of the minister saying, "We found these people in this particular building who are incompatible, therefore we are going to get rid of them"; or is it a question of waiting until somebody brings it to the attention of the ministry?

Mr. Thatcher: I would think it is waiting until the tenant does something that causes us to consider him undesirable.

Mr. Davison: A particular incident.

Mr. Thatcher: We keep pretty close tabs on the property we have rented.

Mr. Davison: It is not an important issue, but it just conjured up odd pictures in my mind.

The other more serious aspect of real property acquisitions is charges by citizens of the province they were unfairly dealt with by agents of the Ministry of Government Services, the Ministry of Housing, any government agency involved in purchasing land, some substantiated, many more unsubstantiated.

I am interested in what qualifications and training the ministry specifically provides for people they hire as agents. I assume you hire a real estate agent, broker or what have you. Is there a further training process through which those people go? I don't feel we need to have the citizenry think the government is hiring a bunch of sharp operators who can chisel them out of their property or knock down the prices; understanding too, of course, we cannot have people running around giving money willy-nilly from the public treasury to people. I am interested in the training process and the qualifications of those assembly agents.

Mr. Thatcher: We use employees in essentially two categories, appraisers and negotiators. The training of appraisers is more formalized, and in fact there is an appraisal institute in Canada which establishes stand-

ards. We encourage our appraisers to seek accreditation by that body and we give them some assistance in doing so in terms of on-the-job training and encouragement to look to the accreditation as a path to further advancement.

In the case of the negotiators, there is less formal training. In fact the kind of training that might be suitable for negotiators in a private practice might not be suitable for us, so essentially we are relying on in-house training there. In the case of people who have been trained outside some retraining is needed so that they will follow the practices of the government.

I might just add that I am really quite proud of the very few complaints we receive from private citizens about our negotiators. Considering the number of negotiators we have and the number of properties we buy I think the number of complaints is remarkably low. I think this reflects on the policy we follow, which is essentially to deal fairly with everybody we have to deal with and not to try to buy property in excess of its market price but to give everybody a fair and proper offer for their property.

Mr. Davison: You will appreciate that members of Parliament see the problem through the other end of the telescope because people who are happy with the negotiation process don't come and say, "My goodness, but these fellows at the Ministry of Government Services are very decent chaps and we are very pleased with them." Rather we see only those who are so angry they are prepared to strangle the first negotiator they can get their hands on.

The other thing I am concerned about is the question of language capacity of negotiators. For example, I represent an area where English is almost a third language. I am concerned about the qualifications of your negotiators in terms of languages. I don't find interpreters to be a very useful group of people. I think it is much more sensible if we can send out somebody to deal with a person in the language they use as their first language rather than the language we use as the first or second, or one of the official languages of our province.

Are you satisfied you have a large enough proportion of staff capable of dealing in other languages to meet the needs of the citizens?

Mr. Thatcher: I think so. We have on our staff sufficient capacity in all of the languages that we usually encounter. It simply means that where an agent runs across somebody who is not comfortable with English or French or his own language he will

simply leave that particular property owner and we will send somebody else out who is comfortable in the language that the property owner is comfortable in.

I think we have enough coverage to do that. We seem to be able to cover most of the languages we encounter.

Mr. Davison: I take it that you set up the negotiators on a regional basis.

Mr. Thatcher: Yes.

Mr. Davison: So that if, for example, the Hamilton office, if there is one, or the regional office in that area, didn't have somebody fluent in Polish or Hindustani or whatever, and the Toronto office did, that you would second that person from the Toronto office and ship him out for that particular deal?

Mr. Thatcher: Yes, that is right. We don't, although I said we were regionalized, have a lot of people in the regions. We still have quite a lot of people working from Toronto. But they are assigned to regions and there is no difficulty because we can get somebody assigned specifically for a language problem, as you suggest.

Mr. Davison: Good. I have no further questions on item 4.

Mr. Charlton: These are just short questions so that I can get a couple of things straight in my own mind.

Under capital construction we had two items. One was capital construction activity, and the other was acquisition of land for

capital construction purposes. I notice in the breakdown on page G-55 that under real property acquisition you have acquisition and construction of physical assets.

[12:00]

Just so I get it clear in my own mind, what type of construction are we talking about here? What is the real difference between this and the whole capital construction item?

Hon. Mr. McCague: It is real property acquisition, is that the \$30 million figure you are asking about?

Mr. Charlton: Yes.

Hon. Mr. McCague: That's basically made up of about \$2 million for court houses, \$14 million for distress purchases in the parkway belt, and \$14 million for MTC purchases in the parkway belt.

Mr. Charlton: So these are essentially along the same lines, but because of their association with the parkway belt they are not considered under the same item as the rest of the capital construction and land acquisition.

Hon. Mr. McCague: Capital construction is the physical, and here we are really talking about land to the greatest extent.

Mr. Charlton: Do you have any idea how much of that \$30 million would be for construction?

Hon. Mr. McCague: If anything, just part of the \$2 million.

Item 4 agreed to.

The committee recessed at 12:01 p.m.

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Charlton, B. (Hamilton Mountain NDP)
 Davison, M. (Hamilton Centre NDP)
 Gaunt, M.; Chairman (Huron-Bruce L)
 Hall, R. (Lincoln L)
 McCague, Hon. G.; Minister of Government Services (Dufferin-Simcoe PC)
 McGuigan, J. (Kent-Elgin L)
 Ruston, R. F. (Essex North L)

Ministry of Government Services officials taking part:

Browne, G. W., Director, Planning and Research
 Gray, W. A., Director, Realty Services
 Pencak, L., Director, Program Management
 Thatcher, J. C., Deputy Minister



Ontario

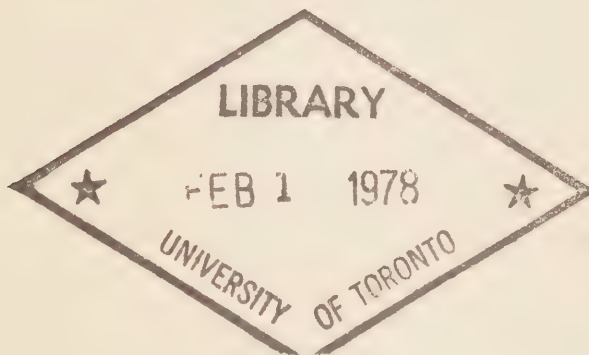
No. G-11

Legislature of Ontario Debates

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General Government Committee

Estimates, Ministry of Government Services



First Session, 31st Parliament

Wednesday, November 2, 1977

Afternoon Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

WEDNESDAY, NOVEMBER 2, 1977

The committee resumed at 1:12 p.m.

ESTIMATES, MINISTRY OF GOVERNMENT SERVICES (continued)

Mr. Chairman: The minister has the answer to a question asked the other evening.

Hon. Mr. McCague: Arrell Observation Home for Children: The premises are leased by the Ministry of Community and Social Services who conduct a program involving juveniles. The lessor is required to provide all services with the exception of janitorial services, the provision of washroom and cleaning supplies, and the replacement of lamps and tubes. These services are the responsibility of our ministry.

Over the years, the property management branch has undertaken the responsibility for effecting repairs beyond the scope of the lease agreement, beyond normal wear and tear. Recently, the branch carried out repairs and replacements to carpeting and has renovated certain washrooms. The work was completed in September 1977 at a cost of \$8,500. On May 4, 1977, a panel visited the centre where Mr. Miller conducted an extensive tour of the facilities. They made an inspection of the home, and several observations and recommendations were brought up.

One recommendation of the grand jury report was to relocate the facilities. Our response is that we have recently requested ComSoc to review the whole matter of this leased space in Hamilton. This will entail a detailed study by this branch, including discussions with the landlord, after which we hope to report to ComSoc relative to the grand jury recommendations. This report should be ready in about one month's time.

Another recommendation was that a special committee study the reasons for the behaviour of young offenders. That's a client ministry responsibility.

"Bleak, barren bedrooms." The bedrooms have vinyl tile floors, painted walls and acoustic tile ceilings. All bedrooms have been repainted within the last year. Rugs were tattered and torn. The carpet in two units, A and D, has been replaced. The remaining carpet is currently being repaired.

"Washrooms in a deteriorating state." A contract is presently under way to renovate the washrooms.

"Generally sloppy, untidy condition." That would have to be answered by ComSoc. It's a leased building.

Mr. Chairman: Do you have any questions on that, Mr. Davison?

Mr. Davison: Yes, Mr. Chairman, thank you. My understanding is that you lease only half the building, and that you have a 10-year lease on the building.

Hon. Mr. McCague: That's correct.

Mr. Davison: Is the rental \$100,000 a year?

Hon. Mr. McCague: It is \$106,000 a year.

Mr. Davison: Is it a 10-year lease?

Hon. Mr. McCague: That's correct.

Mr. Davison: How long is left to run on that lease, do you know?

Hon. Mr. McCague: Until August 31, 1981.

Mr. Davison: Your ministry, then, was responsible for none of the repairs to the building that arose out of the need for improved security? That was the responsibility of the building management?

Hon. Mr. McCague: Improved security?

[1:15]

Mr. Davison: If I could be more specific, there was a problem with, I believe, the window frames and the ceiling tiles. Just recently work had been done on that to correct it, except in one wing of the building, the crafts wing, where the work was not done. Was it your ministry which did the work on the ceiling tiles and the window frames?

Mr. Thatcher: Would that have been in '71?

Mr. Davison: No, I think it would be in the last 12 months.

Mr. Thatcher: The last 12 months. I don't think that we know about that, at all.

Mr. Davison: The point is the failure of whoever was responsible to do that work contributed directly to the escape of four juveniles from the institution.

I then assume from what you've said, and

I think you're probably right, that it wasn't your responsibility.

Mr. Thatcher: I think that if ComSoc had asked us to assist them with it, we would have been glad to do it; but I don't think we were asked to do that, so I don't think we know anything about it.

Mr. Davison: Okay. The budget—is that recovered? For example, you've done some work on the carpets and the washrooms, do you recover that from ComSoc?

Mr. Thatcher: No.

Mr. Davison: When the building was under the control of the AG's office, did you recover it from the AG's office?

Mr. Thatcher: No.

Mr. Davison: So, in all cases, those repairs that the ministry did were paid for by the ministry? Has the ministry made any recommendation to ComSoc about the adequacy of the building?

Hon. Mr. McCague: I would think not, unless we were asked by them. I think as Mr. Thatcher points out—because there was a grand jury report, the ComSoc people would probably involve us in the discussions about these items. I did give you the ministry response to those.

Mr. Davison: That's right. I appreciate it. Clearly, the question of security is a problem between ComSoc and the owners of the building, not the ministry. What I don't quite understand is why. What's the difference between ceiling tiles and window frames and carpets? They all seem to be in a general category.

Hon. Mr. McCague: I think—correct me if I'm wrong—the carpet, at least, would likely be a leasehold improvement at the time.

Mr. Thatcher: Probably.

Hon. Mr. McCague: But the actual building would not be.

Mr. Davison: What about the washrooms?

Hon. Mr. McCague: Can you answer that?

Mr. Thatcher: I think that the question you're really asking is what are the needs and why are they not incorporated into the building when it's first turned over to ComSoc? I think it's a good question.

We don't know what the needs are for the program unless the people who are running the program tell us. Sometimes, in all of these social programs, there's some difference of opinion about how to treat various people who are detained for one reason or another.

We often have this difficulty in knowing the extent to which we should put in facilities that will certainly secure the people

inside but not make them feel they're living in a jail, particularly young offenders. I know there's a great reluctance to put iron bars across windows and things like that.

I think that in this particular case, we did as much as ComSoc felt was appropriate, and it hopes to provide security by watching the youngsters in the home rather than by putting iron bars across the windows.

That's really a question that can only be answered by them because it involves the thinking behind their program.

Mr. Davison: I understand your concern, Mr. Deputy Minister. It is quite appropriate. I think there has to be a great deal of sensitivity, and it should be ComSoc that shows that kind of sensitivity and has the internal debate as to whether or not we need or don't need bars on the windows.

But my concern is more in the line of maintenance rather than in terms of improving security by adding extra things. I've already talked to the minister about the inadequacy of the locking system on the doors and that kind of thing. I'm not concerned about that kind of security. What I am concerned about, though, are the breaches in security that arise from the failure of somebody to perform necessary maintenance. The maintenance was performed in the rest of the building, corrections were made, but in the crafts wing the corrections were never made, and as a direct result of that the kids escaped.

If I understand what you're saying, it was the fault of the people who owned the building rather than the fault of the Ministry of Government Services, because it was their responsibility to provide maintenance rather than the ministry's responsibility. Perhaps I should take the matter up with the people who actually own the building rather than the minister. Thank you very much, I appreciate the time you've spent.

Mr. Charlton: I think you said, Mr. Deputy Minister, that if ComSoc had approached you about the problem of the ceiling tiles, you would have been more than happy to help them. That suggests that, obviously, they didn't. Do you sometimes find that to be a problem in your dealings with some of the leases that you hold for certain ministries? Do you find that sometimes instead of going through the Ministry of Government Services, they go directly to the owner and that you're quite often left out of particulars like that?

Mr. Thatcher: No, Mr. Charlton, I don't think that happens very often. It's just that sometimes the ministry for whom we're doing the work neglects to ask for something that, subsequently, they find they need. They don't

mean to attempt to go around us; I think it's rather that there's a lack of foresight or because something could not be predicted or something like that.

Mr. Charlton: I wasn't suggesting they necessarily tried to go around you. I was suggesting that perhaps you felt—and probably rightly so in the light of what you told us about your ministry—that it would probably be better if it all went one way.

Mr. Thatcher: I do rather agree with that and I think naturally it does go that way. I haven't found it to be a problem.

Mr. Charlton: Thank you.

Mr. Chairman: Does item 5, advisory services, carry?

Mr. Hall: No, I have a couple of questions, if I may, Mr. Chairman. There is a general quality of advice given to all the people who are working in the various aspects of provision and accommodation—is this correct? As I understand it, this is a sort of pool of staff to provide advice on all the different aspects of regional accommodation and the different methods you use.

Hon. Mr. McCague: Right.

Mr. Hall: Is there no redundancy of staff in the various sections? Could you convince me that there's no redundancy? People have these particular programs under the minister, but you also have an advisory pool, covering all these things.

Hon. Mr. McCague: If I told you there is no redundancy would that convince you?

Mr. Hall: No, I'm not that easily convinced.

Mr. Thatcher: This amount is established so that when we're asked to do work for another ministry, but there's no project yet developed, we have an account that we can put the charges in. If we have a project, then our advice and our design work and so on goes into the project cost. If we are developing something that eventually proves to be not worth proceeding with for some reason or other, or if there is a considerable delay before it will be proceeded with, we use the advisory services account to book our charges into that. It's essentially a consulting service which is made available to other ministries for the kind of professional advice that we are able to give from our staff.

Mr. Hall: I see. It's really a prelude to the ministry requesting a specific. They come to you and say, "Here we have a need. How do you think the need should best be met?"

Mr. Thatcher: That's correct.

Mr. Hall: That clears it up. It's not an ongoing thing so much as a preliminary.

Mr. Ruston: We are aware that your ministry handles most of the work for all ministries of the government but not outside agencies of the government. I am familiar with the facilities that the Ombudsman has at his disposal, but is there anything in the Act—I was looking it over briefly—that says that you shall supply all services or is it more or less the prerogative of each ministry or official to obtain his own services? Or is it your feeling that they are supposed to go through your office but, if they don't, there is nothing said about it?

I have the Act in front of me and I can't seem to find where it is spelled out that the Ministry of Government Services shall provide all facilities for all ministries and those people directly under the jurisdiction of the government.

Hon. Mr. McCague: If it is not clear in the Act, the Management Board would be directing in any event. Mr. Thatcher tells me that there is a policy for that in the manual of administration.

Mr. Ruston: So that if someone so desires, they can go through Management Board and obtain the facilities and not have to go through your ministry?

Hon. Mr. McCague: No. The Management Board would direct that MGS provide.

Mr. Ruston: In this case, with regard to the Ombudsman, I take it he must have obtained his own facilities without any advice from anyone.

Hon. Mr. McCague: I assume Mr. Thatcher will explain that and I didn't mean to include the Ombudsman when I made that statement.

Mr. Thatcher: Mr. Ruston, when the Ombudsman was first appointed, we did in fact obtain leased space for him at his request. I think we had two or three extensions to that original lease and from that point on he said he would look after his own and we left him to it.

Mr. Ruston: That's interesting. Thank you.

Mr. Hall: One more question on advisory services. It would appear that the personnel is unchanged from a year ago, according to page four of the briefing material, and yet your estimates are up \$200,000 or roughly 33 per cent over a year ago. There must be some easy explanation for that.

Mr. Thatcher: The answer is that the advisory services program, as in the other programs in this vote, is not staffed with full-time people. What the amount represents in salaries and wages is a proportion of the time of people who are working principally in the

capital construction program and in the other programs under this vote.

When we are doing less construction we have more opportunity to provide service under advisory services, and we are anticipating that ministries will be taking advantage of that by getting a little ahead on their planning, even though we are a little tight on our total capital allocation.

[1:30]

There is a little more planning with other ministries going on and a little more money being charged into advisory services as a result.

Mr. Hall: So the item on page 19, stating there is a complement of 28 and two man-years unclassified, is there because you have to put them some place when they start in the morning; but they do spill over into different job responsibilities. Is that what you are saying?

Mr. Thatcher: That is correct.

Mr. Hall: And since your program is down, you are expecting you will have time to give more advice now.

Hon. Mr. McCague: I think the advisory services increase as capital construction decreases.

Mr. Hall: Do you mean in terms of talking them into leasing instead of building? Or in what way?

Mr. Thatcher: In the past, we have had to refuse to take jobs from other ministries that we would have done under advisory services because we simply didn't have the staff capacity. We have been limited and only undertook these projects as we had staff time available; that is, between projects and when the pressure of projects lessened somewhat.

The fact is that what this allocation represents is additional requests from ministries which we can now undertake because we are a little slower on our capital program.

Mr. Hall: And when you are busy on your capital program, they would have had to hire their own consultants for whatever their needs were.

Mr. Thatcher: That is correct.

Mr. Hall: So this should tend to reduce their costs, even though it adds to yours.

Mr. Thatcher: That is correct.

Mr. Hall: Thank you.

Mr. Davison: Just a couple of very brief points with regard to advisory services. I don't think there should be too much of a misunderstanding about the function of the Ombudsman in relation to government and gov-

ernment ministries. I think it should be noted that unlike many other government agencies, the Ombudsman is a direct servant of the Legislative Assembly, not the government, and it may be more appropriate, as was done when the Ombudsman's office was set up for the Ombudsman, to seek advice from the office of the Assembly and to deal with the Board of Internal Economy directly. So I am not sure how much of the oddities that occurred in the Ombudsman's office we can blame on the Ministry of Government Services.

I must say, and I intend to raise it later, that on the one occasion I am familiar with the Ombudsman's office came to your ministry, to the previous minister, for advice and assistance, and he was refused that assistance. I will raise that under the appropriate sector, but I think it is a matter of some interest and some concern.

I have nothing further on advisory services, Mr. Chairman.

Item 5 agreed to.

Items 6 and 7 agreed to.

On item 8, real property management:

Mr. Davison: I am still at somewhat of a loss as to understand exactly what you are doing in this division of the ministry. I know we have been through it before on previous occasions. Exactly what kind of management services are you providing?

Hon. Mr. McCague: It may need to be expanded by others, but it would be things like the management of properties which the various arms of government own, or which were purchased for them, in terms of leasing or keeping the buildings in repair. It is to provide management services, including leasing and maintenance of farm lands and buildings for ministries and agencies of the Ontario government, to ensure that the real property will continue to be productive and provide a fair and reasonable financial return from the date of acquisition to the date of the program of utilization or other disposal.

This activity appraises rental values, negotiates lease terms, maintains the property and improvements thereon, having regard to the expected life of the improvement in keeping with the program concerned. It is estimated that the total number of properties managed will approximate 1,900 with a rental income of \$2.66 million.

Mr. Davison: This is only on properties owned by government and its agencies. It is not on properties leased by them.

Hon. Mr. McCague: No, it is not. It has nothing to do with leased properties.

Mr. Davison: Does your ministry directly set the rent structure?

Hon. Mr. McCague: Yes—in farm lands, of course, in consultation with Agriculture and Food, and the houses on them. Most of them actually are tendered, I guess is the answer. I think I was incorrect in the first part of my answer. If a house is available for rent, we accept bids on it. If land is available for lease, we accept bids—except that there is a fair rental arrived at for properties which adjoin existing farms.

Mr. Davison: On the question of rents, what you are saying is that it works on a bid system. If there was a house across the road that you happened to own, for who knows what reason, would you then open that to bids? Would ads appear in the local paper?

Hon. Mr. McCague: Yes, we would advertise in the local paper.

Mr. Davison: How do you feel about that in terms of rent control and rent review in the province of Ontario? Don't you find that's perhaps a bit counterproductive?

Hon. Mr. McCague: Personally, I never thought of it.

Mr. Davison: If you buy or expropriate a building that was being rented for \$200 a month, and you put it up for bid and get \$350 a month, that's a substantial increase—

Mr. Walker: That's good business management.

Mr. Davison: No, it's not the purpose of government to make money. That's not their business. You have then circumvented the process in terms of rent and may have received an artificially high rent because of the desperation of somebody's situation.

Hon. Mr. McCague: There can't be a much fairer way than putting it up for bids and taking the highest tender for the use proposed. If somebody had a rental agreement on a house, or was in possession of a house, we would not automatically put them out and put the house up for tender. The rent would be negotiated, undoubtedly within the terms of the AIB, because you would already have established just what the base was on the basis of what they were paying for it at that time.

Mr. Davison: I'm sorry. Did you say the AIB?

Hon. Mr. McCague: Not the AIB; I mean rent control.

Mr. Davison: Do I take it that you have got some sort of standard lease for stores, a standard lease for residential properties, a standard lease for farm properties and so on?

Hon. Mr. McCague: Yes, we do.

Mr. Davison: Do the standard leases run for a year?

Hon. Mr. McCague: I think the home leases are for a year, but the farm leases now are running up to five years. They were for one year up until recently, I believe, and then they were changed to five years.

Mr. Davison: Perhaps the deputy minister or one of his colleagues in the ministry could tell me what provision is in the standard residential lease in terms of renewal of the lease.

Mr. Gray: Yes. There's an option to renew and we abide by the rent review, that the rent at this point in time can only be increased by six per cent. That's in the last week.

Mr. Davison: That's on a renewed lease?

Mr. Gray: That's right.

Mr. Davison: But that is not true with a new occupant?

Mr. Gray: With a new occupant, no.

Mr. Davison: So it is quite possible then for a person to be renting at \$200, refuse the renewal option, move out after giving notice—

Mr. Gray: No, we would never kick anyone out unless he didn't pay his rent.

Mr. Davison: No, no, I'm sorry. If I were renting a house from your ministry at \$200 a month and the lease ended and I had no desire to renew it, I could then, subject to proper notification, tell you I am going to move within X number of days. You then would be in a situation where you would have to rent the property again.

Would you then use the process outlined in the rent review system of being unable to increase the rent, if you had already increased it that year or been unable to rent the house at more than an eight per cent increase if you had? Or, would you then open it up to bids again and allow a substantially higher rent?

Mr. Gray: We would open up the bids again.

Mr. Davison: So then in many cases you follow the rent review by not increasing rents over eight per cent or six per cent unless you use the process. But in a case where it is a new lease-holder, you use the bid system and the rent can be astronomically higher, or it could be lower, or it could be the same or whatever.

Mr. Gray: That's possible, although we have never found it to be astronomically high.

Mr. Davison: You would leave with me

the impression that it is essentially about the same on the average?

Mr. Gray: I don't have facts and figures here, but I would think yes. We have several homes and we have a general idea of what bids we get. They usually are very close to what we assume we will get.

Mr. Davison: Finally, if I might come back to a question of whom the ministry operates for and whom the ministry does not operate for, in one part of my riding I have about 80 or 90 houses that are owned by the Ministry of Transportation and Communication. Is it your ministry that would handle that?

Mr. Gray: No. We lease no properties for MTC, although we do buy some in the parkway belt and we lease those, but they are owned by Government Services. Any lands owned by MTC are leased by MTC.

Mr. Davison: Has anyone brought to the attention of your ministry concern about some of the tactics used by MTC in situations like that that appear to be dissimilar to the conventions set by the Ministry of Government Services? Has your ministry had that brought to its attention?

Mr. Gray: In what regard?

Mr. Davison: In the regard that the Ministry of Transportation and Communications is not by any stretch of the imagination an ideal landlord, that the ministry allows its properties to run down to the most incredible state, that the ministry has on a number of occasions circumvented the Landlord and Tenant Act in fashions which your ministry doesn't seem to have. Has anyone brought those concerns to the ministry's attention? And has the ministry talked to MTC about the procedures it uses?

Mr. Gray: It has not been brought to my attention.

Mr. Davison: This comes back to the point I was raising earlier. I found in my riding that MTC is one of the most insensitive ministries about. It has no shyness about using blockbusting tactics in my riding. It has no shyness about destroying neighbourhoods with its rental properties and it has no shyness about shafting people it rents to. And that's the concern I raised with you about your ministry's not involving itself with MTC.

I really think it would be valuable, Mr. Minister, if you got together with your hon. colleague from Oakville (Mr. Snow) and had a chat with him about the procedures used. If he is not amenable to the idea of your ministry's taking over responsibility for his, as you did earlier with Environment, perhaps he would be at least amenable to having

his people in charge of these areas come and visit your ministry and talk to your officials about the processes you use, so that we can have some standardization in regard to treatment of government tenants, and in regard to the question of the government's purchasing of land. I think we have a very unfair situation, at least in my riding. I don't know if other members have the same problem with MTC or not.

[1:45]

Hon. Mr. McCague: Have you suggested this to the other ministry?

Mr. Davison: Yes, I have talked to the minister in estimates about the question and, frankly, was disappointed with the response I received from him. I think what might be very valuable would be if at least his ministry could be made aware of the way in which your ministry operates.

Hon. Mr. McCague: Might I suggest that you convey those thoughts to the minister in writing?

Mr. Davison: I seem to convey them very frequently to the minister in writing and verbally. It does not seem to get me very far and I know, Mr. Minister, quite frankly, that you have a great deal more influence with our colleague from Oakville than I ever could. I am sure that a few quiet moments in the cabinet dining room would do a world of good, compared to my harassing him for the next six years. I would appreciate it if you could throw it out to him, just over a quiet drink, perhaps.

Hon. Mr. McCague: I would also appreciate it if you would send him a letter and send me a copy of it. Then I would probably have some cause to discuss it.

Mr. Hall: You try to avoid unsolicited advice do you, Mr. Minister?

Hon. Mr. McCague: No.

Mr. Davison: If we have to be so formal, I would be absolutely delighted to send a letter to our mutual colleague and give you a copy, so that will give you entrée to approaching him in the cabinet dining room. I will do so.

Hon. Mr. McCague: It might be worth trying.

Mr. Davison: Thank you.

Mr. Ruston: Mr. Chairman, I was wondering about some other areas with regard to your institutions that are actually owned by you but run by other ministries, like Correctional Services. Were you thinking particularly about the Durham district? This concerns the report submitted in May of this

year to the judge of the Durham district, which had the following comments: "After visiting the Durham regional courthouse, the panel concluded that the holding area was totally inadequate and the cells were poorly situated with no ventilation . . ." and it goes on and on. "The panel was informed by the regional chairman that responsibility for this project, along with an unfinished courtroom, rests with the provincial government, who leases the west end of the building from the region of Durham."

Now are any of you here familiar with that particular case?

Mr. Chairman: May I suggest, Mr. Ruston, that perhaps that would be more appropriate under vote 803, repairs, operation and maintenance?

Mr. Ruston: I was thinking of accommodations, alterations, real property management and all such. However, it is all right, Mr. Chairman; whatever you feel.

Mr. Chairman: If you don't mind.

Mr. Ruston: Probably you are right. Yes, I am sure you are probably right.

Mr. Chairman: If you don't mind, we won't be long getting there, I am sure. If you would hold it until that time.

Mr. Ruston: Yes.

Mr. Charlton: Just a couple of questions on this real property management thing. We talked a few moments ago about putting government-owned properties out to tender for leasing to the public. I am just curious about the leasing of farms. Do you ever find that you have problems leasing farms, in the rents that you get back?

I will tell you why I ask. In my area, for example, there are a lot of farms that have been bought by developers. In most cases they will rent that land out for whatever the taxes are, or whatever the taxes are plus some small amount. I am just curious to find out if you have any problem renting farms when you buy them, and if you feel you are getting a reasonable return on them.

Hon. Mr. McCague: I think the ministry would be careful not to put on the market swampland and so-called useless land as far as agriculture is concerned. I don't think there is any difficulty in renting them. As far as return is concerned, no, you don't get a fair return on investment. You will find many active farmers who would tell you the same thing.

Mr. Charlton: Just one other question along the same lines. Do you ever get into the same kind of approaches when you are buying farms that developers quite often

do? Do you go in and buy a farm for a specific purpose that is perhaps two or three or five years down the road, and allow the person you bought the farm from to stay on and farm the farm at virtually no cost or for maintenance or something like that?

Hon. Mr. McCague: I presume it could be many things.

Mr. Gray: Oh yes, quite often. In the majority of the cases he insists in remaining there until you use it, at no rent.

Mr. Thatcher: That's right, but he pays taxes and so on.

Mr. Charlton: Thank you.

Mr. Hall: In the area of real property management, I assume you must have to dispose of properties periodically, do you? What is the method of disposition? Is it by auction, in effect, based on a public notice?

Hon. Mr. McCague: The first thing that would be done is it would be offered to other ministries at appraised value. Secondly, it would be offered to the municipality in which it was situated at market value. If neither of those were interested, it would be put out for public tender.

Mr. Hall: And you, therefore, hold a sale on a day?

Hon. Mr. McCague: Sometimes it is sale, sometimes it is written tender. I mean often.

Mr. Hall: What is the difference between the auction method and the sale method if it is by public tender? You have a reserve bid in at any rate, don't you?

Hon. Mr. McCague: Correct.

Mr. Hall: The reason I am interested is again relative to the MTC, and it involves the methodology of disposing of property.

In the town I live in there is a site that I think has been in the possession of the MTC for about six years. They had several runs at it trying to find a buyer, and didn't do so. They kept the property vacant, and of course it deteriorated in many different ways. Yet every time they went to put it on the market again, they put the price up higher. That was, of course, why it took so long to dispose of it.

It has been said to me by realtors that in their view you could attract a much broader segment of the buying market, if you are disposing of a house or even industrial land or what have you, if you used the multiple listing approach through the real estate industry, as opposed to the system of public auction that you employ.

Do you have any experience in using the private sector for disposal which would give

you some comparison as to the systems you use?

Hon. Mr. McCague: I think not. I think the answer to that is no.

Mr. Hall: I could recommend to you that it would seem to me that there would be a fair opportunity for broader interest without any possible advantage to anybody if the listing was made more prominent.

Hon. Mr. McCague: Has MGS experienced this difficulty?

Mr. Gray: No, in any of our sales we have been very fortunate in the auction and the tender. Most recently in the auction we have been getting either the appraisal, or slightly above it, in some cases.

Hon. Mr. McCague: I think what you are referring to is an MTC property which it is probably disposing of itself.

Mr. Hall: Yes.

Hon. Mr. McCague: And I suppose we would do things differently if we were having problems with it. But we don't seem to be.

Mr. Hall: The situation is that primarily you have it all come to happen on one day that's been publicly advertised. If you're interested, buy it today and put your money down today.

Hon. Mr. McCague: But with notice.

Mr. Hall: With notice through the media, yes. But no listing notice with professionals in the field or none of the accompanying word-of-mouth information by professional salesmen because of the listing through the brokers.

Hon. Mr. McCague: I don't think real estate agents are precluded from buying our properties.

Mr. Hall: I don't mean to suggest buying. I'm just suggesting to maximize exposure to your offering, that's all. Up until now you say that you've had no problems, so you've never had to look for another method.

Hon. Mr. McCague: That's correct.

Mr. Hall: Does this apply with farm leases too? You've had no problems leasing farm land?

Hon. Mr. McCague: We have none.

Mr. Hall: But you've had problems getting reasonable rates of return?

Hon. Mr. McCague: With every one. Not in all cases but certainly in your area.

Mr. Hall: Certainly in our area what?

Hon. Mr. McCague: You couldn't rent a farm at a reasonable return on your investment.

Mr. Hall: That's for sure.

Mr. Ruston: Not at today's prices, let's put it that way.

Mr. Hall: The term of lease; did I understand Mr. Thatcher and Mr. Gray to say that you've recently changed it from one year on farm leases to something longer than that?

Hon. Mr. McCague: I said one to five.

Mr. Hall: The comment I've had from farmers who would be interested in leasing land because of its convenience to other holdings, or what have you, is that they often run up against the short-term lease in certain ministries. They're not prepared to fertilize the land or make drainage improvements, because they can't possibly be protected in getting that extra work out unless they are granted a longer term lease.

Hon. Mr. McCague: The general rule is five years, but there are still some cases of year to year, because another use for the property may be envisaged within a year.

Mr. Hall: I can appreciate that. Is all land in South Cayuga leased?

Hon. Mr. McCague: I have that figure here. Mr. Gray, are they all leased?

Mr. Gray: All land that's leasable is leased.

Hon. Mr. McCague: There are 12,850 acres leased there.

Mr. Gray: I think there's the odd 20-acre wood lot or something that's not leasable. But I would say that 99 per cent of all the land is leased.

Mr. Hall: What would the term of those leases be?

Mr. Gray: They're just in the stage of being converted now and we're trying to get larger units together and give longer leases as we consolidate.

Mr. Hall: So this might mean a minimum of five years, Mr. Gray?

Mr. Gray: That is right. That is our hope.

Mr. Hall: Would such leases provide the government with any option to dispose of that land if policy dictated that in the future?

Mr. Gray: Yes, all leases are subject to a year's cancellation which can only be exercised if it's required for development purposes.

Mr. Hall: Not for sale purposes?

Mr. Gray: That's right.

Mr. Hall: So, if the government in future decided to sell it they wouldn't be able to

exercise the one-year cancellation clause? They'd have to run full-term in any lease before disposal?

Mr. Walker: The sale is subject to the lease.

Mr. Hall: I don't think in a project as large as Cayuga it would be very easy. That's fine, thank you.

[2:00]

Mr. McKessock: Mr. Minister, during the last year I asked the ministry to supply me with information as to how many acres of land was owned by the Ontario government throughout Ontario. I was told that this information could be obtained but it would take six months to obtain it. I didn't feel that I could wait that long, so, locally I found the amount of land owned by Natural Resources and the conservation authority in Grey county. I found that it was over one million acres and that it also had over 800,000 acres in Bruce county. Besides this some of the other ministries would own land in the county as well.

Can you tell me why it would take up to six months to obtain this information?

Hon. Mr. McCague: I think that the answer is we're trying to get the complete program on computer and we don't have that yet.

Mr. McKessock: So eventually then this information could be provided right away? That's your aim is it?

Hon. Mr. McCague: It's a tremendous task. I'm not sure how many properties we own. I think there are 8,000 owned properties—and about 1,900 leases?

Mr. Gray: In this section, yes.

Hon. Mr. McCague: It's a tremendous undertaking and that's why you likely were told six months. We are in the process of getting it on the computer.

Mr. McKessock: I think it would be valuable to have it on computer so you could probably ascertain how much each ministry owns throughout the province, and the total. This would be your aim, I suppose, when you do get this on computer?

Hon. Mr. McCague: I would presume so.

Mr. Gray: If you included the MTC and the conservation authorities and Hydro and everything, it would come up to something like about 60,000 to 70,000 individual parcels. It's not all accumulated in one area. And that's just an estimate. It doesn't include easements of which Hydro has 300,000 or 400,000.

Mr. McKessock: When you do get this on computer though, would it be kept as an up to date file?

Mr. Gray: That's a possibility. The updating itself is a tremendous job—adding in new ones and subtracting sales and so on. You need a very large staff to keep it up to date, because it's changing every day; every day there is some agency or ministry either buying or disposing of a piece of land. All the acreage in highways is astronomical.

Mr. McKessock: But I would assume that it would probably take less time than six months to provide this information to me. I wasn't refused the information; they said it would take six months. I imagine if this was asked for very often it would be cheaper to have it on computer.

Mr. Gray: You might be right, sir.

Mr. McKessock: On page 22 of the Ministry of Government Services annual report—expenditures during 1976-77, what are they for? It has the different ministries listed here starting off with the Ministry of Agriculture and Food and the different percentages.

Mr. Thatcher: This is the breakdown of the capital expenditures by the various ministries, and the percentages are the percentages of the total, so they add up to 100. You'll see there essentially the distribution of the expenditures by ministries.

Mr. McKessock: That dollar figure is for what?

Mr. Thatcher: That's for the capital program.

Mr. McKessock: Is that land?

Mr. Thatcher: It's for everything.

Mr. McKessock: Land and buildings?

Mr. Thatcher: It's essentially everything in the vote that we're discussing now, for the year ending March 31, 1977.

Mr. McKessock: So that appears to be a breakdown as to what I was asking for in dollar figures, except that it has more than land in there.

Mr. Thatcher: But this is only for the program. This is just for one year's program. The capital program is the buildings and the land for the buildings, but it would not include land purchases such as parkway belt and so on.

Mr. McKessock: Okay, for an example, could we take the first one, Agriculture and Food, where you've spent 3.7 per cent of the 100 per cent which is \$2.5 million. What would that money be spent on?

Mr. Pencak: Mr. Chairman, I'm just trying to check whether any of that money has been spent on land at all. It would seem to me offhand that that money was spent only on major and minor capital

projects within that one fiscal year. So probably there was no land reflected in that figure at all, even the land for buildings.

Mr. McKessock: Could you tell me what it was spent on, if it wasn't on land?

Mr. Pencak: Yes. Would you like to—we have a whole list of projects.

Mr. McKessock: This is all pertaining to Agriculture and Food?

Mr. Pencak: Yes. Would you like me to read out every project?

Mr. McKessock: Yes.

Mr. Pencak: Turkey/poultry research unit, Arkell, \$3,000; agricultural museum, Milton, \$6,000; gymnasium and auditorium, Kemptville, \$575,000; animal science laboratory, Kemptville, \$673,000; office auditorium in Simcoe, \$400,000; extension to feed mill in Arkell, \$780,000—

Mr. McKessock: Could I just butt in here for a minute on that? The extension to the feed mill?

Mr. Pencak: The feed mill, yes.

Hon. Mr. McCague: If I might interrupt, this would be properly under Agriculture and Food, because we don't answer for why they do these things.

Mr. McKessock: But your ministry is paying for it.

Hon. Mr. McCague: That's so, but we act as the work force for the ministry. They would have their capital budget as part of our capital budget when it went to Management Board.

Mr. McKessock: Then that extension to the feed mill you say would be a program under Agriculture and Food?

Hon. Mr. McCague: Agriculture and Food.

Mr. Pencak: They would ask for the project and the project would be approved. But the money for it would be going under the Government Services budget.

Mr. McKessock: So could that be a program under ARDA, then, and Agriculture and Food's portion of that federal-provincial project?

Hon. Mr. McCague: I wouldn't have any idea on that. We wouldn't know that.

Mr. Hall: They're just the contractors.

Mr. McKessock: Okay.

Mr. Chairman: Mr. Charlton. Oh, I'm sorry. You have some more left there?

Mr. Pencak: There are major capital projects. We have some other expenditures which are in design, the horticultural centre

in Kemptville, and there are minor capital projects.

We have other projects which we spend some money in design again: Students' residence in Centralia, \$80,000; swine research facilities, Arkell, \$70,000; animal science office-lab, Ridgetown, \$25,000; agronomy building, addition, Ridgetown, \$2,000; for research services building, Vineland station; replace temporary classroom in New Liskeard.

We have some more projects in here—office-lab complex in Guelph—we have no expenditure on these. If I could perhaps just limit myself to some of the expenditure projects—gym and students' facilities in Ridgetown, \$40,000. Then there is a whole list of minor capital projects.

Mr. McKessock: Okay. These expenditures won't show up in the Ministry of Agriculture and Food's estimates?

Mr. Thatcher: No.

Mr. McKessock: Will there be any notice of them in their estimates at all, or will their capital expenditures all be under your estimates?

Mr. Thatcher: Correct.

Mr. McKessock: Okay. Thank you, Mr. Chairman.

Mr. Charlton: I have a couple of questions. I got involved in August and early September in the situation regarding the psychiatric facility in Owen Sound which the Ministry of Health, and I assume to some degree Management Board too, is negotiating to get rid of in terms of transferring it, I believe, under one of the general hospitals in Owen Sound.

I may be wrong about this, so you can correct me. I understood at that time that your ministry had already started preparations and negotiations for the sale of that property. I also understood from the Chairman of Management Board (Mr. Auld) at that time that the situation was still in a fairly fluid state and he wasn't sure when the transfer was going to occur. There is some pressure being brought to bear from certain sectors that that transfer should not happen at all.

First of all, is there some kind of a procedure which you follow in cases like that? In other words, do you just start negotiating when you're told to? What I'm getting at is, it would seem to me to make more sense that the ministry involved, and the Management Board and whoever else happens to be involved, should actually finalize that kind of a situation and set a date for the transfer before your ministry actually starts spending

money and using staff in terms of preparing documents and negotiating sale prices and so on.

I think we've seen in the past that those kinds of decisions are somewhat subject to political pressure and sometimes to change of the decision.

Hon. Mr. McCague: We would only be acting on instructions from Management Board or the client ministry. While we can accept your point that these things are sometimes subject to political pressure, it would not in most cases be good planning to wait until the building was physically vacated to start planning for what would be coming in the future.

Mr. Charlton: That's not what I was getting at. What I was getting at is there is no procedure set out. For example, if a ministry is negotiating not to terminate a function but to transfer the function to another jurisdiction, which is what I understand is happening in this case, could there not be some kind of structure whereby they would reach final agreement that the transfer would occur in six months hence or something, and then have your ministry go through its process, rather than have your ministry spend whatever staff moneys it would have to spend and so on in terms of preparing for the sale of the property and then have it fall through?

Hon. Mr. McCague: I suppose that could be done, but again I think the point really is that we are acting under instructions—

Mr. Charlton: I understand that and I'm not suggesting that your ministry is necessarily at fault in this. I'm just suggesting that it might be useful to push for some kind of a set procedure as opposed to necessarily just getting involved in things like that which may never come about.

[2:15]

Mr. Thatcher: The only thing I would add, Mr. Charlton, is that where the hospital was being taken over by the local hospital board, we certainly wouldn't want to neglect any maintenance. If there are things that need to be done before they take it over, I think we would want to do them.

Mr. Charlton: Right, I agree. It seems to me that some set-out procedure might be helpful to everybody involved. That's all for now, Mr. Chairman.

Item 8 agreed to.

Vote 802 agreed to.

On vote 803, upkeep of accommodation program, item 1, program administration.

Mr. Davison: Mr. Chairman, if I could have some guidance, I want to raise the

question of fair wage provisions and successor rights provisions with contract staff, should I do that under program administration, or repairs, operation and maintenance?

Mr. Chairman: I would think program administration would be the appropriate item.

Mr. Davison: Thank you. It was the topic, Mr. Minister—and your deputy can perhaps be of some assistance to you—of considerable debate during the last session of estimates, this question of contracts for cleaning staff. There were two essential points to that debate, and I'd like to know if any changes have occurred since then, but before I ask some general questions, perhaps you can assist me with one specific question.

At that time, we were informed that the Ministry of Government Services had what I believe it called "a fair wage schedule" for contract staff. That meant contractors had to pay the maintenance staff what the ministry considered to be fair wages based on the schedule. Exactly what the schedule was based on was totally unclear and I still don't understand. The figures were, at the time, for light duties \$2.76 an hour, and for heavy duties \$3.56 an hour. Can you tell me what those figures are today, a year later?

Hon. Mr. McCague: They are \$3.06 and \$3.93; that's in Metro.

Mr. Davison: That's right. At the time, the minister also informed us that the civil service was paying for light duties \$3.62, and for heavy duties \$4.28. Could we be provided with those new figures?

Hon. Mr. McCague: They are \$4.31 and \$5.05.

Mr. Davison: If I might, I'd like to resurrect those two issues. The difference in terms of dollars is greater now than it was then. I really would like to know how the ministry justifies it all. If somebody working for the government on light cleaning duties is paid by the civil service schedule \$4.31 an hour, how do you personally justify people who are hired on a contract basis being paid \$3.06 an hour. It raises a terrible situation where people doing essentially the same job for essentially the same people, the government in the final analysis, have a wage differential of well over \$1. I find that very difficult to justify.

I know that over the past two years there's been a lot of talk about the fair wage provisions and your ministry, in co-operation with the Ministry of Labour, has come up with some kind of fair wage schedule, but it seems to me that over the last year, the disparity has grown rather than having the gap

closed. I'm just at a loss to understand what possible justification your ministry can have for that.

Hon. Mr. McCague: The minimums that are established, as you know, are established by the Ministry of Labour. What we use, as ministry employees, are the negotiated settlements from time to time, and there is a difference.

Mr. Davison: That's your explanation? It sounds very similar to the last explanation. You're not concerned that the differential has widened so greatly; that we've gone from, for example, in heavy duties a differential of something like 70 cents an hour to over \$1 an hour in not much more than a year? That doesn't concern you? This doesn't disturb you?

Hon. Mr. McCague: We are following the guidelines set out by the Ministry of Labour on the lower one, as I said before. That doesn't say that they can't pay more if they wish to, but they must pay that much. I don't think there's any real answer to what we're paying except that those have been negotiated, it's been negotiated up to that point over a period of years.

Mr. Davison: It strikes me that if the government can sit down at the bargaining table and in good faith, as we find around most bargaining tables, strike a wage agreement with the employees for doing a certain kind of job, I can't see any justification for the government allowing contractors to rip off their employees by paying them substantially less than the government pays its employees. I assume the government doesn't negotiate wage salaries it finds to be unfair or highly over what they should be. It's not the way I've seen the government operate usually. If anything, they've been sometimes on the low side. If it's fair for those people, then surely it's fair that the contractors that you give your contracts to, pay the same amount of money.

Hon. Mr. McCague: I'm afraid that I can't offer you any opinion on that. You understand the two amounts that are set and—

Mr. Davison: Is it not possible for you, Mr. Minister, to once again have a quiet chat with your good colleague, the Minister of Labour (B. Stephenson), over a coffee in the cabinet room and talk to her about the—

Hon. Mr. McCague: She likes a cocktail too.

Mr. Davison: —okay, as long as it's not at my expense—and talk to her about the essential unfairness of the situation, as your colleague, one of the former ministers, Mr.

Snow, did back in 1975, when the Ministry of Government Services had some involvement with the Ministry of Labour in setting that schedule. Is it not possible for you to talk to the minister about that so that we can correct this situation?

Hon. Mr. McCague: It's certainly possible for me to talk to her.

Mr. Davison: Would you talk to her about it?

Mr. Ruston: Give him a letter, Mike.

Mr. Davison: Thank you. I didn't even have to write a letter about that. The other concern I have is the question of successor rights. If people are working in a government building earning their livelihood here for some period of time and the contractor is underbid when the contract comes up for renewal, those employees then lose their jobs. They are essentially working for the government of Ontario.

I understand that there is a contractor, a direct employer, in between, but essentially they're working for the government of Ontario, for the people of Ontario. We are then in the situation where those people are thrown onto the streets or must get the best they can when there should be some kind of successor rights provisions built into those contracts.

I can't understand why the ministry hasn't done something about that. Is there some obligation in the law—or do you suffer from some inability in law to write successor rights provisions into those contracts when you give them out?

Hon. Mr. McCague: Maybe Mr. Thatcher would answer that.

Mr. Thatcher: The problem is that in establishing successor rights the tendering process becomes rather confined and constrained by the conditions that apply to it. In effect, you're saying that a bidder has no choice, if he bids the job, but to accept the contract that his predecessor had when it might, in the mind of the bidder, be an inequitable and unsatisfactory contract. So the problem would then be to secure bids under such a condition.

The contractors have generally been working with the representatives of the cleaning staffs and appear to have been working out contracts that are mutually acceptable. So from that point of view we see no reason to become involved in it.

Mr. Davison: You don't see the relationship between the question of fair wage provisions and successor rights. If you do not pay fair wages in terms of what you're

paying in the civil service, when a contractor pays his employees a fair wage in terms of civil service wages he can then be knocked out by an employer who pays his employees what you find to be a fair wage. It's really not a great deal more in terms of light duty than the minimum wage in Ontario, so an employer engaged in the process of paying his employees a ridiculously low salary, a terribly unfair salary in a time of critically high unemployment, can then knock out an employer who is taking some kind of social responsibility and paying his employees at a fair rate.

Mr. Thatcher: You're assuming that the government pays a fair rate and that anything less is unfair, whereas I think that it might be considered that the fair rate is below what the government pays, that the government pays in excess of what is a fair rate. It's just a case of what standard you are going to use for the industry.

The fact is that the government pays a higher wage rate than is commonly available in the industry. The government is a good employer and I don't think it needs to be criticized for that. The fact that the government is not paying more for its cleaning contracts than most other major building operators in Ontario is surely no reason to criticize it.

Mr. Davison: Yes, the government may be a good employer, but frankly what it's doing and what your ministry is doing is giving contracts to people who are not good employers. If somebody at that head table can sit there and tell me that \$3.06 an hour is a fair wage today in our society for somebody who may be working full-time for only five or six hours a day, then they've got their head on backwards. When the government engages in that kind of thing, then I don't think the government is being a good employer.

I think the government has to realize that it has some obligation to the people. Just because you're hiring people on a contract basis instead of hiring them through the civil service doesn't give you an excuse to promote the kind of unfair wage practices that are engaged in in the private cleaning industry, the kind of shoddy union busting which arises from the government's failure to provide successor rights. I don't think that is justified.

[2:30]

I think it is reasonable to say that the government is a good employer. It's a good employer of civil servants, but I don't think the other aspect of that is true. I don't think the government has shown that it is a good

employer of contract staff. I am not at all happy with the situation.

I am glad that the minister has undertaken to talk to his colleague, the Minister of Labour, about the question of fair wage provisions. Perhaps if we iron out the question of fair wage provisions, the question of successor rights wouldn't be quite as critical as it is now. But I would like you to know that I, at any rate, am not at all happy with the ministry's technique condoning the practice of employers paying extremely low rates, of employers being given the sanction of the government to bust unions. I don't think that's an appropriate thing for the ministry to be doing.

Mr. Walker: Maybe I could ask the deputy if there has been any criticism of the kind of work that is being provided or the type of services being rendered in these buildings. I would have to say from my own experience in 1973, 1974 and 1975 that I passed through the halls of the new complex a number of times each day and I was always highly impressed with the service that was being rendered. To my knowledge, it is still being done. My own office in the building was sterling clean all the time. Is there any shortfall in the services being rendered?

Mr. Thatcher: No, Mr. Walker. We get very few complaints, and our staff are finding it quite easy to supervise the contractors involved; they ensure that the work is done to a high standard.

Mr. Walker: Is there any shortfall in people turning up to work among participants in the various programs; I won't call them employees of the government because they are employees from a different source. Is there any marked absenteeism?

Mr. Thatcher: Not that we are aware of.

Mr. Walker: Is there any complaint at all?

Mr. Thatcher: I am advised that the previous contract was one in which the union and the contractor had made an amicable agreement. The contract for the Queen's Park extension, as it is called, came up for review and rebidding this fall and the same contractor who is there now was low bidder. I am informed that he is currently negotiating with the union and will establish a union contract for the duration of that contract. So as I said earlier to Mr. Davison, where the employees and the contractors have agreed apparently without any great problem, I don't feel constrained to intervene.

Mr. Walker: Frankly, given what you've said and given my own knowledge of it from personal observations, I would have to con-

gratulate you on the services being rendered. I think it is an excellent contract.

Mr. Davison: With all due respect, though, we are not talking about services. We are talking about quality of life for the people who provide the service. If the service is exemplary then we have a responsibility to make sure that we do something about the quality of life for those people providing the service.

Mr. Walker: I was so impressed by how cheery those people are all the time. I think they are the greatest bunch of people, frankly. They are not too unhappy. Their quality of life isn't suffering any. I chatted with a number of them. They are delighted.

Mr. Davison: That is the kind of attitude expressed by plantation owners.

Mr. Chairman: Shall item 1, program administration, carry?

Mr. Hall: Mr. Chairman, we have a fast chairman here. I have to congratulate him.

Mr. Chairman: Well, we have to keep you awake.

Mr. Ruston: It's a problem.

Mr. Hall: A couple of items here. Among other things, you have to do with obtaining arrangements for the legislative dining room, do you?

Hon. Mr. McCague: No. That comes under the Speaker.

Mr. Hall: The administration of catering contracts in various government occupied offices and court houses yes, but not this one?

Hon. Mr. McCague: Mr. Speaker is in charge of the legislative dining room.

Mr. Hall: Pity, that blows that question down the drain. I shan't object to item 1, I'll talk about item 2.

Mr. Chairman: Well wait until we deal with item 1. Are there any more questions on item 1?

Item 1 agreed to.

On item 2, repairs, operation and maintenance:

Mr. Ruston: I was out of order a few minutes ago, Mr. Chairman, and I apologize. I was looking at the wrong number. I think it's my bifocals. At least, I'll blame it on them.

It was with regard to the Durham regional courthouse. I don't know if Mr. Thatcher got the information. Can he answer that now?

Mr. Thatcher: Can you give it to me again, Mr. Ruston? I'm sorry, I didn't get a note of the points.

Mr. Ruston: It was with regard to the Durham regional court house, the report of the—

Mr. Thatcher: Institutions inspection panel?

Mr. Ruston: Yes replacing the old grand juries; that was one of them: "The panel was informed by the regional chairman that responsibility for this project, along with unfinished court rooms, rests with the provincial government which leases the west end of the building from the region of Durham."

Mr. Thatcher: I can run through the recommendations of the public institutions inspection panel and comment on what we're doing. Would you like me to detail that?

Mr. Ruston: Yes, that would be fine.

Mr. Thatcher: The recommendations for the Durham regional court house were to relocate holding cells and completion of court room number four and washroom facilities in holding cells. These are being included in an accommodation alterations project and we anticipate tendering that at about the end of November 1977. Construction is scheduled to start January, 1978, with an anticipated completion date of about the middle of March, 1978. The estimated cost for that is about \$70,000.

Then there was a request for a change in shelving in the Crown attorney's office, and this has been implemented by the Ministry of the Attorney General. There was a recommendation for new curtains in Judge Kelly's office. These have been provided by the Ministry of the Attorney General.

There was a recommendation that the fire exit on the east end of the building does not open wide enough to facilitate quick exit and is felt to be a potential hazard. The Ministry of Government Services, safety section, the fire marshal and the local fire chief have inspected the fire exit and all considered that no potential hazard exists.

There was a recommendation that brickwork on the exterior east wall be repaired, and the repairs have now been carried out by the county. The province is a lessee, and of course that's not within our responsibility.

Does that cover the points that you raised?

Mr. Ruston: That's fine, yes. Also in the Durham report is the Christopher Robin Home for Children, the Whitby Jail and the Pine Ridge School.

Mr. Thatcher: First of all, at Pine Ridge School there was some painting and so on to be done. That would be the responsibility of the Ministry of Correctional Services.

At the Whitby Psychiatric Hospital there's a recommendation a leaking door be fixed;

since then the doors and new door gaskets have been replaced and new fire exits have been installed. So that has been looked after. The other facilities you mentioned are Ministry of Correctional Services routine responsibilities and we wouldn't be involved unless we were called in specifically for a major project.

Mr. Ruston: What about the famous Don jail? With regard to that I know there have been a number of inspections. Fire inspectors and officials of Don jail have discussed these problems. Have there been any changes in that in the last six months or so?

Hon. Mr. McCague: The areas of concern mentioned there are being vacated I understand. That is more properly answered by the Ministry of Correctional Services but—

Mr. Ruston: In other words, you are moving out of part of the old jail, is that right? Into your western region Metro area—

Hon. Mr. McCague: I hope I am not moving—

Mr. Ruston: I didn't mean quite that.

Hon. Mr. McCague: I think that would be better answered by the hon. Frank Drea.

Mr. Ruston: I see. There seems to always be a conflict here. It's hard to pick up at times. I see that Correctional Services are in charge of the administration of the jail, and I suppose that any repairs that are made to it must come from them to you or they must do it themselves. But there seems to be a conflict here and I am not sure how to solve it.

We have Community and Social Services with some responsibility under its jurisdiction, but whenever you have a problem there, if there's a fire or something, it's a question of whose responsibility it is. I am not sure we are getting an answer to that yet. That seems to be what I have run into anyway.

I can recall the old county jails when they were all taken over by the province about seven or eight years ago. County council used to deal with those things and they made their tours a couple of times. I happened to be on county council at that time and in charge of that committee that arranged tours and made recommendations, and it was our responsibility to see that the recommendations were carried out.

Now it seems there's a certain deficiency in whether Correctional Services should carry them out or whether it should be Governmental Services. There seems to be a lapse in time before recommendations are carried out, and this bothers me some. I am not sure if we have really got that solved yet.

Hon. Mr. McCague: Mr. Thatcher will try and straighten that matter up for you.

Mr. Thatcher: Where we have office space the Ministry of Government Services provides for all of the office needs of ministries such as Correctional Services, Health, Community and Social Services. But each of those ministries has special purpose facilities in which it operates its programs. In those buildings we are responsible for the construction, but the operation and routine maintenance of those facilities is with the ministry program.

Having said that though, there are a number of things that the using ministry will often ask Government Services to do. Government Services feels that they should do them, and this would deal with such things as maintenance and repair of fire alarm systems, standby electrical generating plant, hoisting plant, high tension electrical distribution in substations—things of that nature where it would be unreasonable and unrealistic to expect the superintendent of an institution to be able to handle with his own forces. So in those cases we come in as soon as the user realizes the problem and we support them in that.

In addition to that, we would probably do a little more in such things as homes for the retarded than we would do in detention centres, simply because of the security problem. Where there is no particular security problem, we can very easily come in with contractors and complete work expeditiously; but in a detention centre that is quite difficult because of security problems and trying to keep inmates away from contract workers and so on. We don't have any great trouble with this. I know it appears to be confused, but we are just really tailoring it to the needs of the situation. By working with the other ministries we have found that there's no real problem in operating it.

[2:45]

Hon. Mr. McCague: Mr. Chairman, I might add I think that where a lot of the confusion arises, or where it might be corrected—although I think it would not be wise from a manpower point of view, we don't really do a periodic inspection of those buildings where the client ministry operates them other than the office side of it. I think had we been doing periodic inspections we probably would have caught the problem Mr. Davison raises and the confusion you seem to have. I have a little problem with it myself. I think it would not be necessary that MGS would do inspections of government owned buildings

just because we happen to be sort of the deed owner of them.

Mr. Walker: I can't let this vote go by without inquiring of the ministry staff about the development in the passageway between the north wing and the main building, and the new elevator device and the ramp that seemed to take I don't know how many months to create, and the cost involved and the explanation behind it. I'm sure there must be some explanation. I appreciate this was long before you inherited the ministry.

Mr. Chairman: We discussed that, Mr. Walker.

Mr. Walker: I thought this would fit perfectly under the maintenance and repairs field.

Mr. Chairman: It is in Hansard, but perhaps the minister wouldn't mind going over it again for your benefit.

Hon. Mr. McCague: Would you accept the answer in written form, since all the—

Mr. Walker: Sure, that would be fine.

Mr. Davison: I am subject to no small confusion about the supply administration branch of the ministry. I see under vote 804, item 2, the phrase "supply administration"; and I see a budget of \$1 million. In the annual report of your ministry, we find the commodities sections, whatever that is, were busy sending out purchase orders for a total of \$12 million something. I assume that part of the supply administration branch is properly in vote 804 and that some aspect of it must be in vote 803. Is that right?

Mr. Thatcher: No, I think probably what you're looking at in supply administration is the overhead operating of the following functions, so that some of what you saw in the annual report would be in vote 804, but in some of the other items.

Mr. Davison: I'll tell you what I'm specifically looking for. I want to ask you a question about furniture; furnishings, office products, special products, the three commodities sections as described on page 12 under supply administration branch.

Those sections spend \$12 million on furniture, furnishings, office products, special products. I don't see any way we can find that \$12 million in vote 804. I assume that part of it must be in vote 803, or I guess maybe it was part of vote 802. I don't know, but I want to ask a question about furniture purchases.

Mr. Thatcher: There would be some in this vote. There would be some in other ministries' votes and there would be some in

some of the other items. It's spread around, but I would think that we could deal with your question under this item.

Mr. Davison: It's a very brief question, I want to seek a small piece of information. I appreciate that you probably don't have it with you, and I'm wondering if you could obtain it for me. In the last two years, has the Ministry of Government Services bought any furniture from a company by the name of Interiors International, or possibly a store by the name of Interiors International? If so, how much did it cost and for whom did you buy it? Perhaps sometime over the next few days you could get that for me.

Finally, how do you dispose of furniture and furnishings and such? Do you do it by auction?

Hon. Mr. McCague: By tender or auction.

Mr. Davison: How do you break that up? Are there certain groups of items you normally tender and certain groups of items you normally auction?

Mr. Thatcher: It's just a matter of judgement and common sense and the appeal the items would have to the public. If we have a lot of small items of a varied nature, we would tend to have an auction. If we have a few items of a highly specialized nature, we'd tend to ask for bids from people who wholesale that kind of thing. I might add that we don't sell furniture until in our view it's in unrepairable condition.

Mr. Davison: I know, I have some of it in my office.

Mr. Thatcher: Yes.

Mr. Davison: I have a great deal of it in my office. I expect it to be sold any day now.

Mr. B. Newman: You mean that one chair?

Hon. Mr. McCague: It isn't a large item, I think we should mention; and you're probably aware that a lot of it does go to non-profit organizations.

Mr. Davison: I wasn't aware of that. Do you donate furniture?

Hon. Mr. McCague: No, not donate it.

Mr. Ruston: Not to political parties.

Hon. Mr. McCague: No, no.

Mr. Davison: We're not a worthy cause.

Hon. Mr. McCague: There are many volunteer agencies of a charitable nature.

Mr. Davison: That's interesting. Do they get some kind of a break from the ministry?

Mr. Thatcher: We have found that we have a few things that some community groups lack. They can get a grant to hire somebody and that sort of thing, but the grants very often don't go to furnishing an office. So they

manage to find an office somewhere and then they're looking around for some used furniture to furnish it. We have been in the practice of making a limited amount of this available to organizations of this type.

Mr. Davison: That's quite excellent. I wasn't aware of that, I congratulate you. If the carpet from my office should disappear some morning and be sold I wouldn't object.

Mr. Hall: I would appreciate the minister giving some more information about the roughly \$16 million increase in item 2, repairs, operation and maintenance, as opposed to a year ago.

Mr. Chairman: Mr. Mann.

Mr. Mann: Mr. Chairman, the basic items are—for instance there is \$3,300,00 additional energy costs. As you're aware, energy is going up rapidly and we have found that over the past years the amount we've spent on energy has gone up 23 per cent from 1973-74 to 1974-75; 26 per cent from 1974-75 to 1975-76; and 26.5 per cent from 1975-76 to 1976-77. That's one of the reasons.

Another reason is that each year we include money for new buildings which are going to be occupied. We have to pay for the repairs and for the operation and the maintenance costs, and that adds up to about \$1.6 million. We have a figure of \$1.6 million in there for inflation, which is about eight per cent of the \$20 million which is spent on services. Those are the major reasons. There are salary increases, of course, which we cannot control, and so on.

Mr. Hall: On page G-59 of the estimates, where does fuel or energy come into that small breakdown that is there?

Mr. Mann: Supplies and equipment.

Mr. Hall: And it has gone up by \$3 million, I believe you said?

Mr. Mann: We allowed \$3.3 million.

Mr. Hall: As compared to what before?

Mr. Mann: It's over and above what the budget was in 1976-77.

Mr. Hall: So it has gone up \$3.3 million in your allowance of estimates as to what you will need.

Mr. Mann: It may have gone up more.

Mr. Hall: Some 30 per cent or more then. You are saying, then, this whole supply item is in energy increase alone.

So in the added space that you are servicing you said that was \$1.6 million?

Mr. Mann: We allowed \$1.6 million, yes.

Mr. Hall: Then you had an inflation factor of eight per cent on the general bracket of services of \$23 million?

Mr. Mann: It was \$20.4 million, which was the previous year's, and we applied eight per cent to that.

Mr. Hall: Aside from other increases to bring it up to the \$23.7 million, wages themselves have been limited within the guidelines of the AIB, have they?

Mr. Mann: They are what the civil service approved.

Mr. Hall: So you are really not doing that much more. You have \$1.6 million planned for growth of area of maintenance; and the rest of it is increased cost factors?

Mr. Mann: There is \$1 million in there for additional repair funds too, but there are no repair projects.

Mr. Hall: Has your staff changed because of the added area you have to maintain?

Mr. Mann: The staff has dropped.

Mr. Hall: You are doing this by contract, this increased maintenance?

Mr. Mann: Some of it, yes. We drop our staff year by year. We dropped it from April 1, 1976, to April 1, 1977, by about 22.

Mr. Hall: My figures show a current staff, then, of 1,399 in the whole section of upkeep; and in the maintenance operation you show as 1,285 plus 76 man-years. That's down from a year ago, is that correct?

Mr. Mann: One thing you have to realize is the difference between the branch budget and the program budget. The figures that are in the sheets I believe you have are the program budget data, and then there is a complement of 187; in operation maintenance and repairs there's a complement of 1,285.

Mr. Hall: That's fine; you have explained the increased budget. Thank you.

Mr. B. Newman: We are on vote 803, item 2. The program description is: "This program provides the upkeep of property owned and occupied by the ministries." Is the piece of property leased in the city of Windsor by MTC part of your responsibility, the one on Wyandotte Street?

Mr. Mann: The one you have spoken to me about; yes, to some degree.

[3:00]

Mr. B. Newman: The ministry and its customers are wrecking the fence behind the piece of property, and the fence belongs to the rest home. Why don't you people accommodate the rest home by putting a barricade there, or putting some type of barricade only on your property, so that the customers to MTC don't wreck the fence? You are really punishing the private citizen there.

Mr. Mann: What I should tell you, sir, is

we are now working with the city, trying to work out an arrangement which will resolve this problem. The problem we have, of course, is that it is not our property to spend public funds on.

Mr. B. Newman: This I understand, but you also have an obligation to the individual to whose property you indirectly are causing this damage.

Mr. Mann: We have the problem of not spending public funds on leased property. On the other hand, we are working with the city and we hope to resolve this problem; I assure you it will be resolved. But until we have had the city's reply, you might say, I wouldn't like to do anything more.

Mr. B. Newman: I hope that in the resolution of the problem you do take care of the individual's fence back there, because it is you people, indirectly, who caused the problem.

Mr. Mann: It is the occupants of the building.

Mr. B. Newman: Yes. Not necessarily the occupants, but those who were going into the building. I don't think the occupants are that type. But others going in will back up and go right into the fence; not intentionally, but they do that. It kind of struck me as being very strange that it takes so long to resolve something that is really minor.

Mr. Mann: I'll give you my assurance it will be resolved, whether by the city or by us.

Mr. B. Newman: I hope it is resolved so that the party involved isn't put to some substantial financial outlay, where he is the innocent party. He is not responsible at all for any damage that is done, as I said you people are indirectly. That is what I wanted to ask about, Mr. Chairman; thank you very much.

Item 2 agreed to.

Vote 803 agreed to.

Mr. Chairman: We have some information in response to Mr. Charlton's request in regard to Embassy. Perhaps the minister would like to give us that information now.

Hon. Mr. McCague: Everybody has a copy. Are there further questions?

Mr. Charlton: Just one further question, Mr. Minister. There are only eight here; three are combined I think, is that what you have done?

Hon. Mr. McCague: If you have some specific ones you still want, fine.

Mr. Charlton: They may be here.

Hon. Mr. McCague: I don't think they are. The problem is that these contracts are awarded from the regional offices. What we have had to do, since you asked the question, is phone out to the regional offices and get the lists. So I presume it wasn't possible to get them all to this time.

Mr. Charlton: Right, so there may be still one missing.

Hon. Mr. McCague: There may be some small inaccuracies in this, within a few cents, because they were taken over the phone. If there are some specific ones on which you would still like the answer, maybe you would let me know and we will get them for you.

Mr. Charlton: I will, because I think there is one missing. I think part of what is missing is that in the book Killarney, Noelville and Warren, which are listed as No. 4 here, are shown as three separate contracts. On your sheet here you show them as one with a total bid. So that is part of it, but I think there is still one missing so I'll get to you on that.

Hon. Mr. McCague: Could somebody back there help us?

Mr. Mann: When the tenders were called for Killarney, Warren and Noelville, they were called in one tender form, but the contractor was asked to list on the tender form how much he wanted for each project, in other words how much was included in this total tender. We have awarded them as three separate contracts, really, for ease of capturing our costs. We have a work order and we charge the costs against it. So really there is nothing illegitimate about this. It is quite "legit", this is the way—

Mr. Charlton: No, I understand that it was all sort of done as one job, that even the contractors who spoke to me about it—

Mr. Mann: We have three work orders, that is the thing.

Hon. Mr. McCague: Does this clear your question, Mr. Charlton?

Mr. Charlton: For the moment, yes; until I have a chance to go through it.

Mr. McKessock: Is it always the lowest tender that is taken on this sheet, here?

Hon. Mr. McCague: Yes, on that sheet that would be true, on what you have there.

Mr. McKessock: On all these sheets?

Hon. Mr. McCague: In the instance in front of you the low one was taken in every case. I think if you refer to this material you have you will see that there is the odd occasion when the lowest is not taken.

Mr. McKessock: But on these five sheets, it is the lowest tender on each.

Mr. Davison: I am immediately struck by the difference between the figures for the capital projects over \$5,000 and up to \$50,000 in terms of Embassy's position in bidding. Could the minister tell me, is this list the list of all contracts between \$5,000 and \$50,000 in which Embassy Management was the successful bidder, or is this also a list of all contracts for capital projects between \$5,000 and \$50,000 for which Embassy submitted a tender?

Hon. Mr. McCague: What list are you referring to?

Mr. Davison: This list that you have given to the members of the committee.

Mr. Mann: That is a list where they were the successful bidder, which was asked for I believe, out of the annual report.

Mr. Davison: I was wrong, then. I was under the impression Mr. Charlton asked for a list of all incidents in which Embassy was a tenderer between \$5,000 and \$50,000.

Mr. Charlton: No, I asked for all the bidders on the ones Embassy was successful on.

Mr. Davison: So then I am quite right, probably, in assuming that Embassy has bid on other projects?

Hon. Mr. McCague: Yes.

Mr. Davison: Tell me, is the tender process exactly the same in all capital projects? Is there a difference between ones over \$50,000 and ones under \$50,000 in terms of how the tender is put out, where it is put out?

Mr. Thatcher: No, not really.

Mr. Davison: It is put out by the same people?

Mr. Mann: Tenders are received and then we draw up—

Mr. Thatcher: Excuse me, I was just going to say that on the lower amounts, we put the tenders out from the regional offices, on the higher ones, we put the tenders out from the Toronto office, but the procedure that we use is identical.

Mr. Charlton: Does that infer, perhaps, that on the higher projects the advertisement gets wider distribution?

Mr. Thatcher: No.

Mr. Charlton: So the ones that come out from the regional offices are advertised province-wide as well?

Mr. Thatcher: Yes. It is really only for our own convenience in handling them, because the smaller projects can be dealt with more

quickly through the regional offices and the work started. But in the case of the larger-value projects, we do a little extra checking at head office before they are put out to tender and before they are awarded.

Mr. Charlton: I don't know what it is, but it seems there must be some difference, and maybe your staff can be of help on this, between small projects and large projects, because they appear to be exactly the reverse. In the projects over \$50,000 on which Embassy bid, as I mentioned earlier in the proceedings, Embassy always seems to be either the highest or in the top end of the bid ranges. And here, obviously, as it is shown, there are 10 contracts where it is the lowest bidder. Is there some kind of difference there?

Hon. Mr. McCague: I do not think there would be any difference that you could put your finger on, except that Embassy probably feels it can handle smaller projects, but it doesn't have the expertise in the larger ones.

Mr. Thatcher: It is very simple actually. The list you asked for, where Embassy was always the low bidder, is because you asked for the list of contracts where Embassy was always the low bidder. But it has not been the low bidder on all the jobs that it has bid on by any means, in the lower category or the higher category.

Mr. Charlton: No, what I was saying is in the higher category in no instance was it the low bidder.

Mr. Thatcher: Yes, Embassy has been more successful in the smaller jobs.

Mr. Davison: Mr. Minister, would it be a huge imposition over the next days for you to provide us with a similar document for the contracts between \$5,000 and \$50,000 which Embassy tendered for but did not receive the contract? It is not an urgent matter, it is not a rush matter, but I think perhaps it would tend to complete the picture so we could perhaps lay this matter to rest.

Mr. Chairman: I don't believe the ministry can get it right away, Mr. Davison.

Mr. Davison: No, I understand; and there's no urgency.

Mr. Chairman: If that could be achieved before these estimates are completed that would satisfy me.

Mr. Davison: I don't think that's even necessary, Mr. Chairman. I've got what I requested in terms of anything I might have wanted to raise in the estimates. We would just like that information if we could get it.

Mr. Thatcher: We'll undertake to send it to you after the estimates are completed.

Mr. Davison: Could I get a copy of it then?

Mr. Thatcher: Sure.

Mr. Davison: Thank you.

On vote 804, supply and services program, item 1, program administration:

Mr. Ruston: In which vote do your computer services come? Is it the next one or this?

Mr. Chairman: The next vote.

Mr. Ruston: How about the standardization of government publications and reports? That's been on the shelf for some time. It's been brought up a number of times through different committees and recommendations have been made. The latest one, I guess, is the Camp commission; and then the committee studying the Camp report, the fourth and fifth report of the Ontario commission on the Legislature. In order that printing costs be reduced and the products be of more use to members, the committee recommended for all government reports and documents there be some standards in size, format and colour coding and that government boards, agencies and commissions should adopt similar guidelines. Are you making any headway with that?

Hon. Mr. McCague: I think it would be Management Board policy that would finally dictate that. There is standardization of reports, but that's it at the present time.

Mr. Ruston: You do get some weird sizes and shapes. There's no way you can file them.

Mr. Davison: There was a service provided by the ministry which offered management studies to other ministries which has since been disbanded. Was it under management consulting services or was it under supply and services?

Hon. Mr. McCague: Are you talking about management consulting services, which by the way is vote 805?

Mr. Davison: Yes, it's nowhere in the estimates now.

Hon. Mr. McCague: While speaking of it, I can just tell you that is a program that appears in vote 805, but we have been in the process of phasing out and it is now actually phased out.

Mr. Davison: That's the program I wanted to raise but it was in the management information services program.

Hon. Mr. McCague: That's right. It's vote 805, item 2.

Mr. Davison: It's in nothing now because it no longer exists.

Hon. Mr. McCague: That's right.

Mr. Davison: I take it, if I had a question about that, I could raise it under vote 805, item 2?

Mr. Chairman: Yes.

Item 1 agreed to.

On item 2, supply administration:

Mr. Davison: I want to come back to some questions I was raising earlier about furniture. Just to assist me so that I can be clear in my own mind, I take it that this supply administration in vote 804, item 2 is a totally different creature from what's referred to in the annual report as the supply administration branch.

Hon. Mr. McCague: It's the same thing.

Mr. Davison: The five sections of that branch have their budget distributed throughout the government. I understand there are five sections of the supply administration branch.

Hon. Mr. McCague: Yes.

Mr. Davison: Are they all contained in this vote?

Hon. Mr. McCague: Correct.

Mr. Davison: But what's contained in this vote is only the cost of running the program in terms of staff, office space, et cetera.

Hon. Mr. McCague: That is correct.

Mr. Davison: The money they spend is spread out in other area.

[3:15]

Mr. Strauss: The purchases are charged to the people for whom we do the purchasing. If another ministry uses the services of the supply and administration branch, the cost of the purchase will be in that other ministry or in another part of our own ministry.

Mr. Davison: I'm glad you were able to clear that up for me. I can now sleep peacefully tonight.

Item 2 agreed to.

On item 3, printing and stationery services.

Mr. B. Newman: I frequently get requests from various printers in my community for the opportunity to do some type of work for government. What procedure normally is followed by the ministry on requests such as that? For example, Jacques Printing have been asking me almost every year; they may get some minor job one year and then they phone me two years later and say, "I didn't get a thing last year."

Hon. Mr. McCague: A lot of the printing is done in-house, of course, but we do have a list of all those who are desirous of doing government printing and it's done on a rotation basis.

Mr. B. Newman: So if you give it to one printer in the community one time, then he has to wait his turn before he gets it again.

Hon. Mr. McCague: That's my understanding.

Mr. B. Newman: Even on smaller jobs?

Mr. Thatcher: Especially on the smaller jobs.

Mr. B. Newman: Thank you.

Mr. Davison: In last year's estimates I was quite concerned about the question of printing and stationery services from the aspect of the various books that government causes to be printed. I wonder if the ministry feels that problem is a bit more under control now than it used to be.

I notice that in some senses we are producing more reasonably priced material. There seems to be less of the hard-cover report form and more into the paperback. Committee reports, I find, are often bound in very cheap fashion. They don't require any typesetting; they just come from a typewriter. Is that the ministry's impression also?

Mr. Thatcher: Yes, I think it is. While we would be delighted to take the credit, I think credit is probably due to Management Board more than it is to us. There has been an endeavour to try to make government publications a little more modest. I think you are right; I believe that trend has been noticeable right across the government.

Mr. Davison: I'm not sure how unresponsive you are. But I'll be the last one to congratulate you.

The other concern is the tendering system for printing work. I have some trouble relating to it because most of my problems with it arise out of the members' reports, and I am not sure if they are done through the normal process or not.

Hon. Mr. McCague: The members' reports to constituencies?

Mr. Davison: That's right. Do you guys handle that?

Hon. Mr. McCague: No. Each caucus has its own print shop.

Mr. Davison: No, no—

Mr. Strauss: I believe I am correct in saying the Office of the Assembly handles it for you and they may give it to us. Mr. Metcalfe can perhaps answer specific questions.

Mr. Davison: My problems arise out of the ones that were given to you. I don't know exactly if the problem is because the ministry is accepting the low tender. I don't even know if it is a tender process. But I have seen some incredible things come back from

the printer. My reports are constantly full of typographical errors, printed in the wrong colour, panels backwards. I have just been abashed by the poor quality of the things that have been personally inflicted on me. I would like to know why.

Mr. Metcalfe: I am amazed.

Mr. Davison: So was I.

Mr. Metcalfe: You must be the one person that gets all the bad ones, Mr. Davison.

Mr. Davison: It could be. We've talked about this before.

Mr. Metcalfe: Certainly the tendering process is used in that type of job and as it is an invited tender we prequalify the suppliers; in the majority of cases we would take the low tender because all of their factors have been pre-decided.

I really have no explanation other than that the printer sometimes has to work with what is given to him in the first place.

Mr. Davison: I always give him the most excellent material.

Mr. Metcalfe: I'm sure you do, sir.

Mr. Davison: I had nothing to do with its production, so it had to be fairly decent.

Mr. B. Newman: Maybe he knows you.

Mr. Davison: That's right, maybe they're persecuting me a bit.

I talked to somebody in your office or in the legislative assembly office, and was told that there was a group of printers that had shown in the past that they could perform the function being asked. Is that true?

Mr. Metcalfe: It's true to some extent in that we assess each job as it comes in and make up, from the equipment and some of the history we've had with printers, a list of those printers that we feel are most capable of producing the job efficiently, competitively and economically.

Mr. Davison: Is there some process by which new printers or printers that haven't previously done work for you can get recognition? I understand your point, that the likely tendency is to stay with the companies that are performing the job. But there are perhaps a number of other capable printers that just aren't getting the work.

Mr. Metcalfe: We have about 1,200 printers on our list across the province and it's changing constantly, albeit a small change, but constantly changing. As the minister said a moment ago in relation to an earlier question, these people are coming to us and we're assessing their quality from samples they supply and from equipment lists that they provide. New printers are

constantly being added to both the tender list and the rotational printers list for small jobs.

Mr. Davison: Okay. Contracts let from Queen's Park, it seems to me, frequently go to Toronto printers for rather apparent reasons. Are contracts let on a regional basis?

For example, if the Ministry of Culture and Recreation has an office in Sudbury and it needs something printed, would that get printed by a local printer?

Mr. Metcalfe: Yes, quite probably.

Mr. Davison: Printing that deals with a particular area but is, however, put out from Queen's Park—is it done by a Toronto area printer, or is it done by a printer in the regional area to which the report or pamphlet or brochure applies?

Mr. Metcalfe: I think that in the majority of cases, consideration would be given to printers in the area to be put on the tender list, assuming that the job was a job that should be tendered. Then, obviously someone from that area would, if they were successful, be asked to handle the job because the author might be in the area and could deal more easily with the printer.

Mr. Davison: Thank you very much. You've been very helpful.

Mr. Charlton: Out in the rest of the province there are obviously all kinds of government offices with rather small and insignificant printing requirements, such as the letterhead for an office and so on. Do those kinds of things get done through the ministry or do local offices usually have that done locally?

Mr. Metcalfe: It can happen either way, depending on the policies and procedures of the individual ministry involved. Some of them give their regional offices a fair degree of freedom in placing business locally, perhaps up to a value of \$1,000 or so. Others come into our operation.

What we also have to keep in mind is that the operation in our ministry does not place the business for all the printing across the government.

Mr. Davison: I understand the problem, especially the small quantities of certain things that would be required. What would seem to make sense to me—and the minister and deputy might take it as a suggestion—is that I know in Hamilton, for example, although a lot of our printing is done at the ministry level, probably through your ministry, a number of local items are printed locally, probably through our own office—at least, the assessment office, it isn't my office

anymore. At any rate, it just seems to make sense that your ministry might suggest to the Management Board that it could be useful in the future if all those small jobs that are probably not worth taking on at this level here could be handled locally. Perhaps when the local offices have set their budget each year they could put together a package of all the small local needs—for example, assessments, retail sales, MTC, Hamilton Psychiatric and others who happen to have small jobs—and tender it to a local printer through your ministry. There might be some avenue for savings there.

Hon. Mr. McCague: I think that's a valid point, keeping in mind two things. None of the ministries at this point has any obligation to use our printing services. We don't tender against outside printers, but I wouldn't be surprised if some of the ministries check to see what it's going to cost to have us do it and also check to see what it's going to cost to have an outside printer do it. There is competition.

Mr. B. Newman: I wanted to ask one thing on the printing and stationery services. Is there any reason why, when Hansard and bills are printed, they couldn't be five-hole punched instead of three, so that they could be put into either size book? The bills are printed with two holes, the big holes. There's nothing wrong with that. The others come with the three holes. Why couldn't you standardize that so that you could put it in either book?

Mr. Strauss: Mr. Newman, we're involved in this, but it's really the Speaker's product. Perhaps a suggestion to the Speaker—

Mr. B. Newman: I did that in the House quite a few years ago.

Mr. Strauss: We would gladly arrange to get it produced whichever way the House wishes.

Mr. B. Newman: I used to like to send out Hansards to certain constituents. I would prefer to use a cheap envelope rather than a manila envelope, but Hansard is made maybe one quarter of an inch too long, so you can't put it in an ordinary envelope. So you send a two-cent envelope instead of a one-cent envelope. I know it's nothing at all; maybe it's some of the distant Scottish blood in me.

Hon. Mr. McCague: In the interest of restraint, Mr. Newman, maybe you should persuade your constituents to subscribe to Hansard rather than send it out.

[3:30]

Mr. B. Newman: I don't send out that many, Mr. Minister. I just send them out to those who are keenly interested and affected by the comments that may be in Hansard. It's for better government, so I would assume that you would be interested.

Mr. Ruston: That's why you have better government, you have Mr. Newman here.

Mr. B. Newman: These are small things but they're the kind of things that matter.

Mr. Ruston: They add up.

Mr. B. Newman: You could put them in a three-ring notebook, but no, you punch the holes different ways so they can't fit into a three-ring notebook. This will probably rock the ministry.

Item 3 agreed to.

On item 4, collection services:

Mr. Davison: I'm quite concerned about the process of government collecting money from the citizenry. They seem to only get the hard cases after somebody else has tried and failed.

A case came to my attention just a short time ago, of a poor person who through no fault of their own, had been overpaid \$7,000 by a government agency. They then received a letter saying, "Excuse us, we seem to have made some kind of bookkeeping error. We find that you owe us \$7,000 and some odd cents; could you kindly put it in the return mail."

Mr. Strauss: Cash.

Mr. Davison: Yes, cash or certified cheque or money order.

It struck me as rather an insensitive attitude, to say the least. After harassing the agency responsible, I got a commitment from them to exhibit more sensitivity. Am I right in assuming that if ComSoc, for example, tried and failed to get back money it was owed by one of its people, it would eventually turn the matter over to you and you would take a crack at it?

Hon. Mr. McCague: It's likely, yes.

Mr. Davison: It's not likely that they would forget it; so I guess it's likely it would end up in your lap. I really don't care to see your form letters—I assume you have them—but could you, Mr. Minister, or one of your able assistants, explain to me just what kind of a question your letters are couched in. I ask the question because of the matter of sensitivity. Some of these people are in terribly desperate straits and nothing is really served by what might be called by some people harassment or letters in poor taste. I don't know if your

ministry is engaged in that, like some of the other ministries and agencies.

Hon. Mr. McCague: Mr. Strauss.

Mr. Strauss: Mr. Davison, I think because of the recognition of the sensitivity, the government has established a central collection agency which as you say gets the cases after the original creditor ministry has had less success than usual. We are very sensitive to the problem and our letters, I think, are fairly courteous. We do, occasionally, have some to which we get no response at all. Perhaps in those cases the follow-up letters are perhaps a little more brief than is otherwise the case.

I am not aware of any harassment; there could be exceptions that have slipped through with somebody being over zealous. But where the inability to pay is really proven or an effort is made to pay even a substantial bit in very small bites, I think you will find that the collection service is very reasonable.

There are legal proceedings ultimately, at the end of the road, if we think there's any prospect of success. There have been many cases where we recommend to the original ministry that the debt be written off.

Mr. Davison: Obviously, there are many cases in which the debt has to be written off. For example, if the poor person happens to die in the intervening period. What concerns me is that if a ministry like Comsoc is insensitive and would send out letters saying, "You owe us \$5,000. Please pay it right away," I wonder how sensitive a government collection agency would be. Would you sort of hit them over the head with a sledgehammer to get their attention?

What I would really like to know is, in your initial letter to the person, you obviously reference the amounts of money, the government ministry or agency or whatever was involved, you then go on to explain that you'd like the money back; do you go further than that? Do you explain in your initial letter there are various methods by which the money can be paid or do you send out an individualized letter in every case?

Mr. Strauss: No, it's probably not an individualized letter unless there is a special situation which would call for it. I think we would invite the debtor to let us know how he proposes to settle the debt and then perhaps respond to the response, if there is one, and if there's negotiation.

Mr. Davison: Does the ministry use personal contact as well as letters?

Mr. Strauss: Yes. You mean telephone calls?

Mr. Davison: That's right.

Mr. Strauss: Yes.

Mr. Davison: But a letter is the first thing that goes out in 99 per cent of the cases?

Mr. Strauss: Yes, probably 99 per cent of the rest of the transactions will be by letter. If somebody phones us or we phone them back, a telephone conversation is not excluded, but I'm sure that any arrangements that are arrived at would be confirmed in writing.

Mr. Davison: That's right. If I could question you a bit further, I'm still concerned about the sensitivity involved. After the initial form letter, do you try to personalize the matter as much as possible?

Mr. Strauss: I guess the question is, how much is as much as possible? We have a relatively small staff handling an ever increasing work load and there's only so much personalized service we can render. However, I am personally satisfied that the manager of the service is a sensitive, courteous man and I would be very surprised to hear of cases that are—

Mr. Davison: Well, for example, when I forget to pay my Chargex bill, or can't pay it because of the income I'm forced to accept, I get these standard letters from Chargex, or whatever else it is I've managed to bungle, on sort of a progression. They start out being reasonably mild, like "Have you forgotten to make your payment?" They get progressively worse, to the point at which they—

Mr. Wildman: Progressively conservative?

Mr. Davison: —nearly threaten to come and burn down your house. There's a series of these form letters printed off by computer and they become nastier and nastier as we go along. There's no attempt to personalize it. I'm really concerned that your ministry doesn't engage in that kind of computer dealing with a citizen approach, but rather, after the initial form letter, that it goes into a more personalized form.

Mr. Strauss: They are not computerized anyway. I think the sort of standard form letter, one, two, three, would only happen if we get no response. As I indicated, we might get progressively less polite, although never threatening, I hope. If there is a response, then the further letter from us would recognize whatever the debtor has said. We would respond to whatever arrangements he proposes or sum it up in some personalized sort of way.

Mr. Davison: You don't involve yourself, I take it then, in collection of—I don't know what to call them—bad debts, from agencies like the Workmen's Compensation Board?

Mr. Strauss: No.

Mr. Davison: The Compensation Board, I guess, too, is one of those agencies that's kind of separate from Government Services. It doesn't use your furniture purchasing or your—

Mr. Thatcher: It isn't funded—

Mr. Davison: No, I understand. It doesn't avail itself of the service.

Mr. Thatcher: That's correct.

Mr. Davison: Although I'm sure they could twist your arm if they chose to.

Mr. Strauss: On occasion they have made use of our services.

Mr. Davison: Yes. Thank you very much.

Mr. Chairman: Mr. Ruston.

Mr. Ruston: I don't think I have anything on collection services. After hearing Mr. Davison I would think it might have been good for me to collect some of my bad debts when I closed my small business. However, maybe it wouldn't have been so good after all. I went through this when I was on the public accounts committee and I don't have any questions on this.

Mr. Charlton: Just very briefly, carrying on from what Mr. Davison said, I have never seen a collection letter from your ministry—

Mr. Thatcher: Congratulations.

Mr. Charlton: —but I have seen a number from other ministries, not only provincial but federal. Inevitably, the largest problem have seen with them is that they are very ambiguous; and scary because they are ambiguous. They usually say something like after they have told you what you owe, "will you please get in touch with our office within 15 days and make arrangements to reimburse that debt."

Generally speaking when you talk to those ministries "arrangements" means some kind of a payment schedule which you can afford. In terms of the kinds of complaints we get most of the time, there should be a more thorough explanation, especially in the initial letter, that process. It should say "Look, we do not want the \$5,000 within 15 days. We want to sit down with you and work out a schedule of payments."

That is the problem I have found with most of the letters. I have not had too much problem getting in touch with the ministry and straightening it out, but the scary nature of the wording is the problem. It is something which probably you should have a look at.

Hon. Mr. McCague: We will take a look at it.

Items 4 and 5 agreed to.

On item 6, government mail services:

Mr. Ruston: Is there anything in this vote in regards to the courier service that you use?

Hon. Mr. McCague: Yes.

Mr. Ruston: Purolator is one of the companies; which other ones?

Mr. Thatcher: That is the only company, really.

Mr. Ruston: That is the only one you are using?

Hon. Mr. McCague: It is on a tender basis and it is the company.

Mr. Ruston: How does the cost of an article being sent by them compare with a registered mail article? I have had some come to my place by Purolator and I am wondering. I have had occasion for them to deliver something in a hurry—a 60th wedding anniversary—and I looked at the cost of having one sent one time from my office here by registered mail; it was \$3.75 by registered mail. Could you tell me what it would cost by courier service?

Mr. Thatcher: It would be pretty difficult because the courier service charge would depend on the distance and how much of a load that we were sending to what destination. I think it is fair to say, though, that generally, the courier service is more expensive than the mail, but it has proven in the past to have been more reliable at certain times.

Mr. Ruston: In my particular case I don't know if I would agree with that, because we have mail service right up to 5:30 on Saturday evening in our area.

Mr. Thatcher: I was really speaking in terms of when the mail service was withdrawn.

Mr. Ruston: Yes, but we find that registered mail from Toronto to my particular area will be delivered in one day. If you sent it from here today, at let's say noon, I would receive it the next morning at 9.00 a.m.

Hon. Mr. McCague: You are lucky.

Mr. Ruston: Registered mail, not regular mail, of course. But I was just wondering if they had any comparison as to what—

Mr. Thatcher: Perhaps we could look that up and send it to you.

Mr. Wildman: I was wondering if the minister could tell if there are any contracts with or if the ministry uses United Parcel service?

Hon. Mr. McCague: The southern Ontario contractor on a bid basis is Purolator. I think the answer to the question about UPS is no.

Mr. Wildman: There is no contract with them at all? Have they been used on an emergency basis at any time?

Mr. Thatcher: Not that I am aware of.

Hon. Mr. McCague: The Ministry of Government Services hasn't.

Mr. Wildman: Okay.

[3:45]

Mr. B. Newman: Even your own service? You don't have a service that would travel between here and Windsor say, dropping off at London and Chatham and in Windsor?

Mr. Strauss: No, only during emergencies. It wouldn't pay, it would be too expensive.

Mr. Wildman: I'm sure you would require that any courier service you were using would be licensed under the Highway Transport Board? You wouldn't agree to using a company that uses automobiles until they get a licence for trucks in the interim? You don't have to have a licence to have a passenger car delivering something.

Mr. Thatcher: Under emergencies we'll use a taxi sometimes to send a message or a parcel if it's an urgent matter, but we don't do it as a matter of routine.

Mr. Ruston: Purolator uses cars.

Mr. Wildman: Right, but if you're only using that you don't have to have a special licence from the Highway Transport Board.

Mr. Ruston: Of course they don't send everything by car all the way either. They will use air depending on the circumstances.

Mr. Wildman: I'm glad to hear that UPS is not being used by the government.

Do you also handle inter-ministerial mail?

Hon. Mr. McCague: That's right.

Mr. Wildman: How long does it usually take to get a letter from, say a Queen's Park office to one of the other offices in the complex around here. Does that usually take very long?

Hon. Mr. McCague: No. I think it should be said here that MGS, because they do the mail service for all the complex here, often get blamed for a letter that sits on somebody's desk for four or five days. Our delivery is the same day or the next day.

Mr. Wildman: I would think so.

Hon. Mr. McCague: Yes, most certainly; and it's been checked. There have been spot checks.

Mr. Wildman: So then if your ministry, for instance, were sending a notification to the Ministry of the Environment regarding a purchase of property they would receive it very quickly?

Mr. Thatcher: The ministry would. The individual it was addressed to might not. It would depend on how efficient the Ministry of Environment's internal service is. That's what the minister referred to, that sometimes we can get a piece of mail from its origin to the minister it's addressed to, and it takes a day or two within that ministry to get to the person whose desk it eventually has to get to.

Mr. Wildman: The reason I'm asking this is that I was just recently talking to an official in the Ministry of the Environment who understood that your ministry was handling the purchase of a property. He was under the impression that it was almost completed—a property in Blind River for the sewage treatment plant. He was not quite sure why it was taking as long as it was to find out whether or not the options have been picked up or whether it's been completed. Do you have any reason for what's happening?

Hon. Mr. McCague: There are all kinds of reasons for that. All we deal with is the progress from the mail box it's deposited in to the delivery point, at MOE in this particular case. That's where we say today or tomorrow. This morning's mail would be today; this afternoon's would be tomorrow morning.

Mr. Wildman: So if there is any holdup it has to be something other than the mail service?

Hon. Mr. McCague: That's right.

Mr. Wildman: I'd appreciate it if the minister could check into it and find out what's taking so long with that purchase.

Hon. Mr. McCague: That doesn't come under mail service.

Mr. Wildman: I know, I did all I could to get it in under mail service.

Mr. Chairman: You're very adept, I might say.

Items 6 and 7 agreed to.

On item 8, legislative services:

Mr. B. Newman: What does legislative services entail?

Hon. Mr. McCague: Minor capital improvements and repairs to the legislative building; maintenance, electrical, carpentry, lock and key services; special services regarding the opening of the Legislature and committees, et cetera; steward services to the Lieutenant Governor's suite; housekeeping

and moving services to the legislative building; laundry, parking; usher and messenger and newspaper distribution services; media studio services for the Premier, ministers, members of Legislature and Legislative press gallery; and official photography for the Legislature.

Mr. Ruston: You mentioned news media for the Premier and members of the Legislature. Is that a new policy now that you're enforcing? The news room in the building will be used for only those people? There was one occasion not too long ago where some other person used it and there was a controversy at the time. But I notice that you said in reading that that it was for members of the Legislature and the Premier and so forth. It must be a new policy set down, I take it?

Mr. B. Newman: Then outsiders cannot come in and use that?

Mr. Thatcher: No, it was set up for the use of the members. I think that it would take some very exceptional circumstances that it would be used by outside people. There was a request about a year ago by a political party to use the facilities but it was not a party represented in the Legislature. Is that what you're referring to?

Mr. Ruston: No, he had been a candidate and it was a matter, I guess—I don't think it's any use getting into it, I noticed when the minister was reading that it was for people in the building. It may have been used at some time by people who may have been in a delegation meeting the cabinet or something, but no, that's okay.

Hon. Mr. McCague: There are criteria for the use of the studio. The one that you're referring to, I guess, or the one that might clear it up for you, is the criterion affecting applications from outside organizations, they will be based on the simple criterion of legitimate business with government. For instance, if an organization were to make a presentation to a minister, it would be reasonable to provide an immediate studio facility to the group for interview purposes.

Mr. Ruston: Thank you.

Item 8 agreed to.

Mr. Chairman: We'll adjourn and reconvene Monday next at 8 p.m.

The committee adjourned at 3:52 p.m.

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SPEAKERS IN THIS ISSUE

Charlton, B. (Hamilton Mountain NDP)
 Davison, M. (Hamilton Centre NDP)
 Gaunt, M.; Chairman (Huron-Bruce L)
 Hall, R. (Lincoln L)
 McCague, Hon. G.; Minister of Government Services (Dufferin Simcoe PC)
 McKessock, R. (Grey L)
 Newman, B. (Windsor-Walkerville L)
 Ruston, R. F. (Essex North L)
 Walker, G. (London South PC)
 Wildman, B. (Algoma NDP)

Ministry of Government Services officials taking part:

Gray, W. A., Director, Realty Services
 Mann, G. A., Director, Property Management
 Metcalfe, G. R., Director, Printing Services
 Pencak, L., Director, Program Management
 Strauss, E. F. H., Assistant Deputy Minister, Supply and Services
 Thatcher, J. C., Deputy Minister



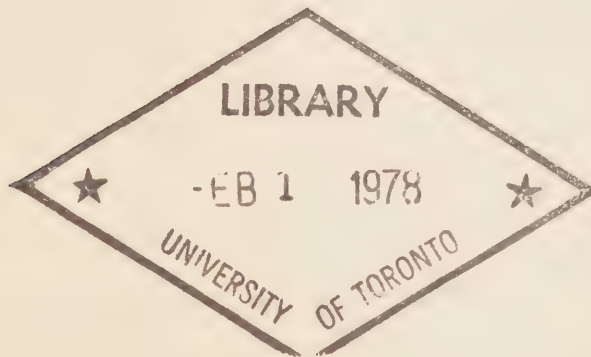
No. G-12

Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Government Services



First Session, 31st Parliament

Monday, November 7, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C

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A list of the speakers taking part in the debates in this issue of Hansard appears, in alphabetical order, at the back of this issue.

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LEGISLATURE OF ONTARIO

MONDAY, NOVEMBER 7, 1977

The committee met at 8:02 p.m.

ESTIMATES, MINISTRY OF GOVERNMENT SERVICES (concluded)

Hon. Mr. McCague: Mr. Chairman, Mr. Ruston asked about the comparison of courier and postal rates. It is generally less expensive to send a parcel by courier than it is to send a parcel by registered mail. The courier accepts any parcel up to 10 pounds for delivery from Toronto to over 90 per cent of the towns and cities in Ontario. The rate is \$1.80 per parcel, regardless of destination. If a return parcel is picked up at the time of delivery, the combined rate is \$2.05.

The Canada Post Office rates vary with destinations. The following are examples: A one-pound parcel registered for delivery from Toronto to Hamilton is \$2.25. If it's 10 pounds it is \$4.50. A one-pound parcel registered for delivery from Toronto to Kenora is \$2.55. If it's 10 pounds it is \$5.50. I think it's fair to say that those probably aren't the rates that anybody could send a parcel for. Those are tendered rates.

Mr. Chairman: Any questions on that, Mr. Ruston?

Mr. Ruston: No, that's fine.

On vote 804, supply and services program; item 9, employee benefits.

Mr. Charlton: Just briefly, I have a question for clarification. I think what's happened here is that the reduction from last year to this year was because of an advance payment on the pension. Is that correct?

Hon. Mr. McCague: What section are you referring to?

Mr. Charlton: Section 9, employee benefits. Under the breakdown it shows "payment on unfunded liability to public service superannuation fund, \$1,000," compared to \$21 million-and-change last year. I think it was because of an advance payment on—

Hon. Mr. McCague: That's correct.

Mr. Charlton: Right.

Mr. Nixon: Perhaps the minister could clarify that a bit.

Hon. Mr. McCague: The unfunded liability is a record of \$21.6 million. There were double that number of dollars paid prior to the end of last year, so really the amount for 1977-78 was prepaid.

Mr. Nixon: What did we do that for?

Hon. Mr. McCague: So we wouldn't have to pay it this year.

Mr. Nixon: I see. Carried.

Item 9 agreed to.

Item 10 agreed to.

On item 11, telecommunications:

Mr. Ruston: I know we have what you call WATS lines that you have into all the major areas of the province—intercity service. In western Ontario, we have them into Chatham and Windsor. It seems to me that some years ago I got some information on the cost of these lines. In a town the size of Leamington, which encompasses about 20,000 population on that particular exchange, and then it would include all the adjoining exchanges with it, I am wondering if, in effect, a WATS line wouldn't be of some benefit.

I can recall not long ago when one of the reporters made a resumé of the expenses of the local members and the costs of operating their riding offices and their offices here in Toronto. The member for Essex South (Mr. Mancini), of course, showed a terrific number of long-distance calls which looked, I suppose, as if he were abusing his operations. But in effect no one, not he himself from his office here in Toronto nor anyone from his riding office, can call any place where there are intercity lines without a toll charge.

I am just wondering if the cost that he had alone would offset an intercity line to that particular area. It seems to me, and I would have to look it up, that it was somewhere in the vicinity of \$7,000 for long-distance phone calls, but I am not positive on that.

Hon. Mr. McCague: I think when the calls reach a certain level to any area, certainly an intercity line would be considered. If you have one which you think we should now look at, we can look at it.

Mr. Ruston: If there were any way of finding out how many long-distance calls went through the government itself, and came from government agencies in that particular area to Toronto, plus what the member has, I just have a feeling that with the combination of all calls made to that area from government and from government agencies in the area to Toronto, I think it would be worth looking at. I don't know how much work this would entail to try to correlate all these figures to see if you could get a rough idea of what it would come to. But it seems to me it would be worth looking at.

Hon. Mr. Cague: The answer to your question is: Yes, we can determine the number of calls, and yes, we could look at the area. I think these are really done on sort of a continuing basis. Where the cost would justify the intercity line, it is done.

Mr. Ruston: I know in my own area I have areas that we can't reach by these lines, but I don't think it would pay because of the size of them. I am thinking that in Essex South, where you have a concentrated population—on the Leamington exchange alone the population is somewhere in the vicinity of 35,000 people—when you figure all the calls going in and out of there from provincial agencies as well as from the members, I think it is worth looking at.

Hon. Mr. McCague: You probably would have noted from the figures that the number of intercity lines has increased quite considerably: 205 in 1974-75, 294 in 1975-76, and 1976-77 there were 336, with 20 more supposedly going to be added this year.

Mr. Ruston: There are 336 now.

Hon. Mr. McCague: There were 336 last year, and it is estimated that there will be an increase of 20 in this fiscal year.

Mr. Ashe: Mr. Chairman, I have a brief supplementary on that same item. Is it not what we talked about as growth in the numbers of these lines? Is it always really our choice, or is there, as there is with many other Bell services in certain sectors of the province, the fact that it's not really the choice of the customer, it's that Bell doesn't have various kinds of lines available until it does thus and so to its systems at certain points in time? In other words, what I'm asking is: Is it always the choice of the consumer? Why we don't have a line here, or is it that there's not a line available?

Hon. Mr. McCague: I think it's based on use, and to any of the major centres where we could justify the use factor, there would be the facilities.

Mr. Ashe: They're always available.

Mr. Towers: Periodically, there may be a facility problem in some of the smaller exchanges, in which case we might have to defer adding a circuit or something like that for a very short period of time; but we're only talking about a matter of weeks or a month or so, something like that. In fact, we make it our business to try to forecast what our requirements might be a couple of years in advance, and warn the telephone company so that they can anticipate that kind of requirement. So, practically speaking, we have very few cases of inadequate facilities when the time comes for us to augment our services.

Item 11 agreed to.

On item 12, insurance and risk management:

Mr. Ruston: What insurance does the province carry now? It carries its own fire insurance and things like that. Are there other liability insurances, or what do you have?

Hon. Mr. McCague: I think the public liability is all purchased, and in all other cases we are self-insured.

Mr. Nixon: Your liability insurance would be tendered in the usual way, would it?

Hon. Mr. McCague: That is correct.

Mr. Hodgson: What does your liability insurance cover?

Hon. Mr. McCague: Public liability.

Mr. Hodgson: Yes, I know, but that's a wide field.

Mr. Nixon: The minister's cars?

Hon. Mr. McCague: It's my understanding that we buy all public liability insurance and that we're not self-insurers in that matter at all.

Mr. Hodgson: I remember a couple of years there was a car parked out in front of the buildings here. Snow fell down on the roof and damaged the roof and caved the car in. There was no insurance to cover it. Would you call that public liability, or what would you call it?

Hon. Mr. McCague: That's the Lord's liability.

Mr. Hodgson: Are those things covered now?

Hon. Mr. McCague: I think I was right the first time. It's an act of God.

Mr. Hodgson: Well, does that cover it?

Hon. Mr. McCague: I think we would have to check into it.

Mr. Hodgson: It wasn't covered at that time.

Mr. Thatcher: It's not covered, Mr. Hodgson. We've never found it necessary to get an insurance company to calculate what the risk is and take out a policy against it. If we have the snow fall off again, we'll probably deal with it directly.

Mr. Nixon: If you had your own car insured on a comprehensive basis and a limb fell off a tree and smashed it up, it would be covered, wouldn't it? Why wouldn't the government have some comprehensive policy like that?

Mr. Thatcher: The car itself may have been insured, but not being a government car, it wouldn't be insured by the government against something falling off a building. We don't insure our buildings for things like fire and so on. Presumably the falling of snow from the roof would be the kind of policy that you might get if you were covering the building for fire and other risks. Since we self-insure those, it would seem that we wouldn't be covered by a policy for that particular situation.

Item 12 agreed to.

On item 13, protocol services:

[8:15]

Mr. Ruston: I have a few questions I wanted to ask on this. One item before I forget. I must bring it up because a very irate constituent called me about it and was very concerned about a picture she had seen in the paper just recently with regard to artists' work that we purchased, I think, for the Queen's anniversary for \$40,000. I've had a number of complaints on that—it wasn't just one. My understanding of that is that was \$40,000—at least I read it some place—and that will be left here as a gift back from the Queen to Ontario, I understand. Is that amount correct?

Hon. Mr. McCague: I believe, Mr. Ruston, in total that it was \$100,000.

Mr. Ruston: That's worse yet. You mean the art that was in that room that we went over the other night to see? I walked back with about five or six hon. members, and I must say that their reactions were not too—but we don't intend to be—I suppose some of us from the boondocks, as Elmer Sopha used to call us, maybe haven't the same respect for artistry. However, I really was disappointed in some of it there. I'm sure there should have been some that would have been much more artistic in some other ways.

Hon. Mr. McCague: Mr. Ruston, the total sum of the gift of art to the Queen from the province was \$100,000. There were other items included in that. The whole function

was included. It wasn't all for art, but it did involve some expenditure in the total of about \$100,000.

Mr. Nixon: How much was the art?

Mr. Hall: The art was \$3.98, is that what you said?

Mr. Ashe: Three ninety-eight.

Hon. Mr. McCague: No, I think Mr. Ruston is correct that the actual amount that was paid to the artist was the figure that he mentioned.

Mr. Ruston: Sure it was.

Mr. Nixon: The \$40,000?

Hon. Mr. McCague: Yes.

Mr. Nixon: And the \$60,000 was for what purpose, Mr. Chairman?

Hon. Mr. McCague: Maybe Mr. Borosa would explain this.

Mr. Borosa: Mr. Chairman, the province of Ontario presented to Her Majesty a gift to commemorate her silver jubilee in the form of a collection of contemporary art. The purchase of the 26 pieces of art was \$44,250, but I must point out that the moneys spent for the purchase of art and for printing of the accompanying catalogue are not tax dollars. The money is derived from the sale of the silver jubilee medallion, which is, as you probably noticed in *Topical*, selling at \$29.50. Out of that sale, the province gets a royalty payment of \$5. We authorized the issue of 20,000 medallions, expecting to realize a potential revenue of \$100,000. So we have established the Silver Jubilee Trust Fund, and from that fund the gift to the Queen will be paid for.

Mr. Nixon: What was the other \$60,000 spent on?

Mr. Borosa: If I may just give you some background here: The purchase of art cost \$44,250. We invited 42 art galleries across the province to submit their selections for the final selection. The cost was \$3,500 to transport the art to Toronto for final judging, \$675 for insurance, selection committee expenses \$800, and production of the catalogue approximately \$24,000. The presentation book which we gave to the Queen was \$1,000 and the unveiling ceremony in the St. Lawrence Lounge on October 17 was approximately \$4,000. So, the total amount is \$91,725. This is an estimated amount. We are now receiving invoices and I think the final total will be about \$86,000.

Mr. Davidson: How much have you

brought in to this date from the sale of the medallion?

Mr. Borosa: So far about \$30,000. The sale of the medallion is continuing until December 31.

Mr. Nixon: Does the catalogue involve four-colour reproductions?

Mr. Borosa: Yes, sir.

Mr. Nixon: What's the distribution of that? It must be pretty expensive.

Mr. Borosa: Let me explain the spirit of the collection. The collection has been assembled and will tour the province. It will tour 39 galleries. At the end of the tour—two years from now—each provincially assisted gallery will receive a painting from the collection. So there are 26 galleries that will benefit from the collection. The catalogue is produced—there are 26 pieces of art—there are 21 which lend themselves to reproduction in colour. Six are reproduced in black and white—including the one Mr. Ruston referred to.

The catalogue will be distributed to every library in the province of Ontario. It will be given to the depository libraries, universities and high schools and community colleges that teach art. Also the galleries across Canada will receive a catalogue. The balance—it's estimated at about \$1,500—will be sold at \$5, which will generate revenue to the Fund of \$3 each.

Mr. McKessock: I'd like to talk about the scrolls and the flags that are given out by the government and which we give out as complimentaries to people on behalf of the government. The scrolls are given to anyone who has reached quite an age in life or to anybody who has had long service, which I think is very good. But there is another area that I think is maybe just as important. That is the beginning of life—when a new building is built or a new business is started—and quite often this is when the flags are presented. But as it stands right now we can only obtain, I believe, two Ontario flags and two Canadian flags. I wondered if your ministry was thinking of giving us the opportunity of presenting flags at all these worthwhile functions, such as the opening of a building or the opening of a business, rather than just four a year.

Hon. Mr. McCague: I suppose it's a matter of dollars. You mentioned scrolls and you mentioned flags. The scrolls are costing us now \$8.83 apiece and the Ontario flag is costing us \$9.75 apiece. If you leave that matter to the members' discretion I'm sure that some would use many of them. I think the policy of the ministry is that we do give two of each to each member without reason. The member doesn't have to explain why he wants

four, but when it goes beyond that you have to explain why you want it. Then the matter is considered by protocol services.

Mr. McKessock: Did you say you have to explain or you don't have to explain why you want—

Hon. Mr. McCague: Not on the first four, but you do from there on.

Mr. McKessock: Are you saying from there on if you have a good reason, like the opening of a building or the opening of a business, with a letter to protocol you can obtain extra flags?

Hon. Mr. McCague: That's right.

Mr. McKessock: I asked you a question on October 31 in the estimates pertaining to the now defunct Camp Oliver in Glenelg township, Grey county. You told me, or Mr. Thatcher did, that the buildings, although built by Correctional Services, sit on Grey county land and will revert back to the county. I understand a motion in council was made back at that time by Grey county council to allow Correctional Services to take over that land for a certain number of years. Of course this length of time hasn't run out, and Correctional Services aren't using them any more, so I guess the motion is operative no longer.

However, the government is spending money there, keeping Pinkerton security guards on a round-the-clock basis, and it appears that nobody has had the direction to go ahead and allow some other use to be made of the property. I was just wondering if your ministry would notify the county of Grey in writing, stipulating that you're finished with the buildings and that they now belong to the county of Grey?

Hon. Mr. McCague: We could consider that.

Mr. McKessock: Do I take it from what you said the other day this is what is happening except they haven't been told?

Hon. Mr. McCague: The problem is that I'm not sure that the buildings have been turned back to us by Correctional Services. I think it would require some investigation. As Mr. Thatcher says, we know they have moved out of the camp but I don't think we've had a release from them at this point. They haven't turned them back to us.

Mr. McKessock: If you would notify the county to this effect, that they now belong to the county, this would leave the county in a position to deal with the property. Correctional Services closed down on January 11 and it's soon going to be January 11 again. That seems like quite a reasonable

amount of time to have them turned over to somebody else. I've had a lot of contacts from a lot of good organizations ever since last January asking me who they can get hold of to see if they can obtain these buildings or the property, either by lease or rent or whatever. I've run out of answers for them, after 10 months, to tell them what to do.

Hon. Mr. McCague: I'm glad you asked. We'll try to find out for you.

Mr. McKessock: How long will it be before I'll have an answer?

Hon. Mr. McCague: I'm not sure because I'm not sure of the jurisdiction of them now. They may still be with correctional services.

Mr. McKessock: I have letters here saying that they're turned over to Government Services.

Hon. Mr. McCague: The problem is, Mr. McKessock, that we don't have the staff people here tonight, because we had already passed that vote.

Mr. Chairman: This is on another vote, Mr. McKessock. I'm rather lenient, but perhaps the minister could get the information and get back to you. Would that be satisfactory?

Mr. McKessock: Yes. Have you any indication about how long it would be?

Mr. Thatcher: I think we could undertake to communicate with the county in Grey within the next three to four weeks. Depending on what the results of those discussions would be, we would be able to get back to you shortly after that. Would that be satisfactory to you?

Mr. McKessock: Thank you.

[8:30]

Mr. Nixon: I know, Mr. Chairman, that you want to go on to something else but since we're talking about Camp Oliver—the minister is aware, of course, how it got its name? It is after our good friend, mutual friend, Farquhar Oliver. It seems a shame that that thing is going to revert to some other use, particularly if the name Camp Oliver is just going to fall into disuse in that connection. Since the government very properly decided to name the property in honour of Farquhar Oliver after having served 40 years here—

Mr. Hall: Forty years?

Mr. Nixon: —three times Leader of the Opposition and so on, it might be worthwhile to perpetuate, more or less, the designation and the honour by having a little plaque put up there on a nice metal post, indicating the kind of service that the gentleman has

given to his community and the province. Certainly that was the intention of the government when it was so named. It may very well go into some other very good use at the county but I'd just like the minister to give some consideration to that.

Hon. Mr. McCague: I would be glad to do that.

Mr. McKessock: I think that is a very good suggestion. If the ministry turns this over to the county, perhaps it might make a suggestion that if an organization is going to take this over that they consider holding on to the name of Camp Oliver, because it certainly may turn into another camp.

Hon. Mr. McCague: Mr. McKessock, is it a fair question to ask you, does the county want the buildings?

Mr. McKessock: They have indicated to me that they see no reason why they wouldn't be happy to accept them. They're having a properties meeting today and they said if they didn't want them they would let me know before the meeting tonight; so I assume they are willing to accept the buildings.

Mr. Hall: Mr. Chairman, I don't know whether it has come up or not, but one question I want to ask about protocol services is the increase of some \$157,000, representing roughly 20 per cent of the budget. There must be some valid reason that the minister would come up with. I'd just like to have it outlined.

Mr. Ruston: Is it a breakdown you're asking for? I was looking in the Public Accounts, and there was an item for government hospitality fund in 1975-76; I assume it would be run on a similar basis.

Mr. Hall: You aren't going to help them out, are you, Dick?

Hon. Mr. McCague: The basic part of it is the silver jubilee gift and some other things that are already on the record—Mr. Borosa has put them on the record.

Mr. Hall: Okay. Regretfully, the item of stationery may be passed but, if you'll indulge me for a moment, I just got in Friday's mail a copy of this year's sample Christmas card. Has this to do with Mr. Borosa? No?

Hon. Mr. McCague: No, I signed that at the bottom, as you probably noticed.

Mr. Hall: It says "George." Yes, I like your common touch too. It didn't say, "Hon. George McCague"; it just said, "George."

Mr. Chairman: That would be printing and stationery services, Mr. Hall.

Mr. Hall: Nevertheless, the samples of this

year's work weren't available to me until Friday and, rather than let another year go by, if you'll indulge me for a moment since we've got hours to spend in this committee, who is Ward Press, which always seems to get the business?

In today's mail I got a copy of the Grenfell Labrador Medical Mission Christmas card; they're trying to raise money to do good works, and yet their prices are about half of what Ward Press seem to charge for what I think this year is a rather disappointing card. I'm an amateur photographer but it's pretty hard to have a Christmas tree and a building 400 yards away in focus at the same time.

I draw it to your attention in case you haven't noticed it, Mr. Minister. I think that even though we are under restraint, we should be able to send out a high-quality Christmas card. I just question whether this was the case this year and at a price that would not suggest that any one firm is having any special benefit. Does this Christmas card business go to tender every year?

Mr. Strauss: It's a specialized firm, Not every printing firm can produce Christmas cards—

Mr. Hall: There are a lot that can though.

Mr. Strauss: That is correct.

Mr. Hall: Does the work go to tender every year?

Mr. Strauss: Yes.

Mr. Hall: Every year it goes to tender and Ward Press gets it every year, is that it?

Mr. Strauss: I am not aware that it has been a repetitive business, but if you have noted it, then no doubt that is the case.

Mr. Hall: I am asking you. Has it been repetitive? How many years has Ward Press had the contract for Christmas cards? I will put it that way.

Mr. Strauss: I would have to look that up.

Mr. Hall: I would suggest in a small way the quality of government is suggested in the quality of the Christmas cards it sends out to the public, even far more so than the quality of gifts to the Queen sometimes. I would respectfully suggest that you take a look at this because I think it is of interest to all of us.

Hon. Mr. McCague: You feel that the Christmas card should be of a higher quality?

Mr. Hall: I will let you judge for yourself after you have looked at it.

Hon. Mr. McCague: I have looked at the card. You are suggesting that it should be of a higher quality.

Mr. Hall: I am suggesting that for the price there is a monotony that creeps up and there is no choice offered. I take pride in being a member and I think those cards should reflect that in some measure. I caution you that maybe that is not happening all of the time.

Mr. Charlton: I have a very quick and simple question. We mentioned earlier in the discussion the four flags a year. They are available to every member upon request?

Hon. Mr. McCague: That is right.

Mr. Charlton: Including new members?

Hon. Mr. McCague: That is right.

Mr. Ashe: I have never heard of it before.

Mr. Davidson: Neither have I.

Mr. Epp: I dealt with them two weeks ago and they told me at that time that was so.

Hon. Mr. McCague: I should make one point. Mr. McKessock has gone now, but I think the government would have a very strained budget if we were to give a flag every time a new business opened. I am not sure to what he is referring, to what size of business or whatever it may be. I mentioned before the danger of opening it wide open. You would probably end up with a request every three or four days from members for flags. Really what we are talking about is buildings for public use.

Mr. Nixon: It could be accompanied by a letter signed by William G. Davis, and all like that.

Hon. Mr. McCague: Or Dr. Nixon.

Mr. Nixon: I have to unscrew your plaques to sign the damn things now.

Hon. Mr. McCague: You wouldn't have any trouble with that.

Mr. McGuigan: The member for Brant-Oxford-Norfolk has introduced my question. How many plaques are passed out in the course of a year?

Hon. Mr. McCague: Last year it was 8,716, in 1974-75 it was 6,850 and in 1975-76 it was 7,188. We don't have any prediction on this year yet. It depends on whether they request it or not.

Mr. Davidson: I have suddenly become clear after two years plus something that I am entitled to four flags, two of them provincial.

Mr. Ruston: Mr. Newman just mentioned to me a minute ago that he wasn't aware of that and he has been a member since 1959.

Mr. Davidson: That is fine.

Mr. Ruston: So don't feel bad.

Mr. Davidson: Given that I have received

these four flags upon request, how do I proceed then? For example, I have numerous ethnic clubs in my community and none of them, to my knowledge, has an Ontario flag. Should they request one, or if I feel I would like to donate one to the club to fly above their club, how do I then go about getting that?

Hon. Mr. McCague: We would arrange to sell you one if you wanted to, if you were well beyond your quota and it did not meet the criteria of public buildings.

Mr. Davidson: It's well beyond my quota. You're talking about four.

Hon. Mr. McCague: That's right.

Mr. Hall: Are there any other quotas that we don't know about? We don't want any parachutes with stones hanging from them.

Mr. Ruston: I wanted to bring up the matter of the hospitality fund. I think it comes under protocol services doesn't it, Mr. Chairman?

Mr. Chairman: Yes, that's correct.

Mr. Ruston: This has always been an interesting concern to me and I'm sure to many other members. Looking over the Public Accounts, and I'm looking at 1975-76, I'm just not sure if I can agree that this fund is really that necessary. I'm sure there are some things in it that are, but it seems to me there are a great number that are not. Having been a former councillor and municipal politician, I came to conventions and accepted a lunch from the province or something, but at the same time we were allowed what they classified as a fairly generous expense account to go on conventions and so forth. At least that has happened in the last 10 or 15 or 20 years. Before that, many members of council came on their own time and on their own money. That has changed considerably over the last 20 years.

I see \$8,578 for the Canadian Federation of Mayors and Municipalities annual conference dinner. That is a nice public relations gesture but that doesn't swallow very well, when someone tells you you have to close up 20 beds in a hospital or can't have any more nursing home beds in an area or things like that. You're going to have to start looking at these little amounts of money. They may seem small in a total budget of \$12 billion but you've got to save the nickels and dimes if you're going to start saving millions.

I think this should be looked at. Somebody is going to have to come in there with a real sharp pencil and start looking it over. I can name off many more. I'm not taking a crack at any particular one but there are so many

here—wine and cheese parties and dinners and what not—at a cost of \$250,000. I just can't in all conscience think that that's absolutely necessary.

Mr. Hall: What is it for this year, Mr. Ruston?

Hon. Mr. McCague: It's \$250,000.

Mr. Ruston: It's expected to be about the same as in 1975-76.

Mr. Ashe: Think of the boost to the grape business in the Niagara Peninsula.

Mr. Hall: We're selling it to our penitentiaries now too, instead of orange juice.

Hon. Mr. McCague: I think the comment you made can be called a matter of opinion. Probably for the record we should put on what the hospitality and public events are. They provide for a complete range of VIP visits, government ceremonials and hospitality functions. We do provide liaison with 56 foreign government consular posts in Ontario and provide them assistance to promote political and trade relations with host countries. One of the chief functions is to create an atmosphere within which this can be successfully pursued.

Mr. Ruston: What about the Grey Cup luncheon? Is that under this vote?

Hon. Mr. McCague: I'd have to ask Mr. Borosa that.

Mr. Borosa: Grey Cup lunch? We haven't been asked.

[8:45]

Mr. Ruston: That must be under another vote then?

Mr. Strauss: No.

Hon. Mr. McCague: You are on the Public Accounts from some time back, I presume.

Mr. Ruston: Oh, yes. Of course, that is the latest we have.

Hon. Mr. McCague: It is not the custom to do these things year after year. I understand the guidelines we work by are that we don't fund the same organization for wine and cheese or dinners any more often than once in four years. The Canadian Federation of Mayors and Municipalities likely meets in Ontario once every 11 years.

Mr. Ruston: There was a Grey Cup luncheon last spring. Who handles it if you don't?

Mr. Hodgson: There's no Grey Cup in the spring.

Mr. Ruston: In the fall, I mean. A year ago.

Hon. Mr. McCague: Mr. Borosa, did we fund it last year to some extent?

Mr. Borosa: Last year it was paid for by

the Ministry of Industry and Tourism and partially by the hospitality fund to a tune of about \$3,000, to the best of my recollection.

Mr. Ruston: That is a glorified luncheon for 20 cabinet ministers to walk around and so forth. I went to one of them but I am sure that I won't go to any more. Apparently, not too many people think as I do, but I can tell you that there are an awful lot of people who think that a lot of these things are a complete waste of the taxpayers' money.

Mr. Chairman: Before you go, Mr. Borosa, since you have got your money approved, I was just wondering when I could get my provincial pins that I ordered two months ago. You might look into that.

Interjections.

Item 13 agreed to.

On item 14, employee health services:

Mr. Nixon: What is the purpose of the employee health services, because everybody is covered by OHIP? Is that for emergencies or what? I should tell you that I have been over there a couple of times when I have had a sore throat or something like that. It's very handy. But basically why do we feel we have to provide that service in these buildings?

Hon. Mr. McCague: The biggest part of it, as you know, is the Health Centre.

Mr. Nixon: That's paid for under OHIP, isn't it?

Mr. Strauss: The employee health service is basically for emergency services. Most large employers have a medical unit of some sort and our employee health service unit covers 16 locations, of which the one over in the Macdonald Block is, of course, the largest.

Mr. Nixon: I happen to think it's very good, having used the service for medical examinations and so on; but, theoretically, I have already paid for that through OHIP and so would, I suppose, 100 per cent of the people using it for anything other than emergency service.

Mr. Strauss: The advantage to any employer, including this one, is that it avoids people going home when they don't need to. Our performance standard is based on the number of people we return to work. The unit is there so that an employee doesn't have to go home to a doctor for a cut or something like that.

Mr. Nixon: It's close to a million-dollar operation, isn't it?

Mr. Strauss: As I have said, we are staffing 16 centres; and there are, of course, the convenience services which are available to those

of us who work around here. There are some compulsory referrals under the Public Service Act when the deputy minister refers somebody for a medical examination who apparently is absent frequently for medical reasons and doesn't seem to do anything about it. They are not very high but these are the services provided.

Mr. Thatcher: I just want to add, Mr. Nixon, that there is a requirement for all employers employing more than a certain number of employees to provide a medical centre. In the smaller locations, we only provide a nurse; in the large centres we provide a doctor.

Mr. Charlton: On this item of employee health services, there has been a fairly substantial increase from last year to this year of about \$146,000. Would you tell me what the increase largely resulted from?

Mr. Strauss: Mainly salaries.

Mr. Charlton: Would that be for additional staff or just salary increases?

Mr. Strauss: It's not a large number of additional staff, although we have added a centre out on Resources Road, where the ministries of Environment and Health have facilities. There is also the cost of supplies but these are certainly not a large factor.

Mr. Charlton: Most of it then was salary increases?

Mr. Strauss: Yes.

Item 14 agreed to.

On item 15, employee data services:

Mr. Charlton: We have much the same thing here, a rather large increase—more than \$1 million. Last year this item was \$1.5 million and this year it is \$2.8 million. What essentially accounts for the increase there?

Mr. Thatcher: The major increase is as a result of putting the government's payroll and personnel system on computer. This system has become more expensive in this first year because of trial runs and trouble-shooting on the computer. It's not expected to be as expensive in subsequent years, although it is a slightly more expensive and better system than the one that was previously in use; that is to say, it provides more information for management purposes.

Mr. Charlton: The payroll was on computer before, though; it was just a different system, wasn't it?

Mr. Thatcher: The payroll was on computer before. This is an integrated system which integrates payroll, personnel and employee benefits data all in the one file so that you can get similar information, no matter what

your inquiry is directed towards, whereas formerly you went to different files and sometimes the information wasn't updated at the same time and the files were not in synchronization as it were. You could get different information.

Mr. Charlton: Yes, I'm aware of the new computer system; it's just that I didn't realize the cost differential would be so much.

Item 15 agreed to.

Item 16 agreed to.

Vote 804 agreed to.

On vote 805, management and information services program; item 1, program administration:

Mr. Chairman: I believe Mr. Charlton had mentioned that, based on the decision in cabinet last Wednesday, he might want to consider the Inco matter. Do you wish to do so, Mr. Charlton?

Mr. Charlton: I'll pass on it.

Item 1 agreed to.

On item 2, management consulting services:

Mr. Nixon: Mr. Chairman, I want to ask the minister, or one of his assistants since he wasn't on the scene when this occurred, about the experience they had with the special computer program that was supposed to be of assistance to the community colleges. The minister may recall the articles about that system.

Hon. Mr. McCague: What is your question?

Mr. Nixon: I want to know why the ministry undertook to establish a \$9-million computer program for the community colleges which evidently has been abandoned because the administrators at the community college level didn't find it useful or could not be persuaded to use it. I quote from an article in the *Globe and Mail* of January 6, 1977, by Lawrence Martin, entitled "Computer is Replaced after \$9 Million spent by Colleges Ministry." It could have been something that was done independent of this ministry, but the first paragraph says.

"The Ontario government spent \$9 million to develop a sophisticated computer analysis system for community colleges, but scrapped it because college administrators couldn't be bothered using it."

To refer to another paragraph in this article:

"After two government studies were done on the system in 1972 and 1974, respectively, the management consulting services division of the Ministry of Government Services re-

commended another study be undertaken by a private sector consultant."

It looks as if the Ministry of Colleges and Universities asked the management consulting services, which we are consulting under item 2, to assist in this; and I just wonder what the story is from the standpoint of this item since, according to the story, the thing involved a commitment of \$9 million which apparently the community colleges have not seen fit to use.

The explanation in this story is that it was too complicated and just too much of a nuisance for many of the colleges, according to the officials, and so it was abandoned.

Mr. Thatcher: Mr. Nixon, that involves a division of the work that I should describe to you. Each ministry is required to develop its own system for its own purposes. In the case that you refer to this was a Colleges and Universities program which they were developing. It has never actually come to us to be run on our computers. It has been a study program. As far as management consulting services involvement is concerned, it was fairly light involvement.

I believe the situation was that when the Colleges and Universities people had got this to a certain point, they asked us to take a look at it and see whether, in our opinion, it was worth proceeding with. At that time I think our people said that, in their view, some substantial changes would be needed before it went on computer. I think about that time Colleges and Universities dropped the whole thing. As far as I know, it is not active at the moment.

Mr. Nixon: Perhaps from your own experience, Mr. Thatcher, how could they spend \$9 million without hardware; that is, in just developing a program? Was there not a requirement that machines and terminals be purchased and installed? Would this not involve Government Services directly on a basis of more or less filling the order from Colleges and Universities?

Mr. Thatcher: I really don't know where the \$9 million came from and how it was made up. I know that over some years the Ministry of Colleges and Universities has been working on a program. They may have used some computer time for developmental purposes as they were working with this program, but they never ran it; there has been no computer time and there has been no equipment bought specifically for it through Government Services that I am aware of.

Mr. Nixon: The thing first came to public light in the report of the Provincial Auditor

for the last year. He simply brought it to public attention on the basis of the requirement that he give some judgement on the value received on the basis of expenditure. It does seem to be a rather gross example of a huge amount of money just pitched down the rat hole.

You say you had a light involvement, and certainly I would accept that. It seems to me that Colleges and Universities went ahead with this thing. But wouldn't it be reasonable—and I address this to the minister—that, as he takes over a new ministry, he might take a more active role than his predecessors have in advising his colleagues on some of these matters where there is a more or less expert background to him; this is, the Minister of Government Services.

[9:00]

I guess the minister here is changed fairly regularly. Yet it seems to me that the new minister, who we hope will be in this ministry at least until the next election, would be able to perform a great service for the taxpayer if he insisted to some of his colleagues that when it came to computer programs and things like that, he could be the repository of a uniform and basic policy and save them from these catastrophic excursions.

Hon. Mr. McCague: That would seem like a good thing to do, Mr. Nixon.

Following the Provincial Auditor's report, this ministry did respond. For the record, I will respond as they did at that time:

"The management consulting services division carried out the first study in December 1972, when the division was part of the Management Board secretariat. The study was therefore not charged, but the estimated charge would be approximately \$7,500.

"The second study was prepared for the Management Board secretariat in June 1974 under charge-back and carried a ceiling fee of \$2,000. This second study recommended that an external consultant accomplish an in-depth review as outside government, management consulting services is not viewed as an independent body.

"When the programs were transferred in August 1975 to the computer services division, two individuals, supplied by systems development services for general systems work, were assigned to a separate individual specific file known as the ISF system. From September 1975 to the present, at a cost of \$72,300 to the Ministry of Colleges and Universities, the systems development services division has had no direct involvement with the campus aid program per se. Currently we have one staff member assigned to the main-

tenance of the ISF system and his services are contracted to March 31, 1977.

"The computer services division has been processing the ISF system and total charges between September 1975 and December 1976, inclusive, were \$89,500."

Mr. Nixon: May I ask what's happened to that, since you indicated that your servicing responsibility only went to March 31 this year?

Mr. L. Belanger: The amount of computer time from the computer services division in the Ministry of Government Services that was used by Colleges and Universities on this project was some \$89,000 over roughly 15 months. This is an amount in the area of \$4,000 to \$5,000 a month. Although I don't recall it specifically this would have been a developmental sort of effort and not a heavy computer utilization.

As far as I'm aware at this time, the project is not being developed further. If it is, it would certainly be at a level even lower than that. It might not come directly to specific attention, since Colleges and Universities does use our facilities for other developments as well.

Mr. Nixon: I haven't got anything further, other than as a followup on that story, which must give us some concern at the Colleges and Universities level too. But do you have the custody of all of the computer hardware?

Mr. L. Belanger: Yes, we do have custody of all computer hardware within the Ontario government—

Mr. Nixon: That's all?

Mr. L. Belanger: —with the exception of some agencies, boards and commissions. The Liquor Control Board, for example, and the Workmen's Compensation Board have their own facilities. But we do have the only facilities directly within the ministries of the Ontario government for large-scale computers. Line ministries can and do have smaller-scale computers or mini-computers at their own disposal.

There is a recent policy put forth by Management Board and now in the manual of administration which will in future require our ministry to hold title to mini-computers as well. But that has not been the practice up until recently.

It is possible, however, for any line ministry to procure computer services either from ourselves in the computer services division or from the private sector. We operate essentially on a full cost recovery basis in open competition with private sector service bureaus. For example, the Ministry of Col-

leges and Universities could have developed, and if my memory serves me properly, did develop the computer system campus largely on the facilities of other suppliers and in Government Services.

Mr. Nixon: They called you in for some consultative advice after they got into trouble?

Mr. L. Belanger: I can only say, sir, that they did use from the computer services division a modest amount of computer time and they apparently did call in our consulting services division, yes. Perhaps Mr. Thatcher can speak to that better than I.

Mr. Thatcher: I think I've told you, Mr. Nixon, about all I know about that particular program.

Mr. Hall: The briefing notes tell me that the management consulting services division is wrapped up as of September 30, 1977. Is this the case?

Hon. Mr. McCague: That's correct.

Mr. Hall: I look at the estimates and I see that in 1975-76 it was \$94,000 and it jumped to \$195,000 before and \$96,000 this year for half a year, which equates to \$192,000 for a full year so there is a 500 per cent increase over last year and now you are closing the door on it. It seems to be rather unusual for two things—that it had increased so rapidly and now it's being wiped right out. I wonder if you could give us a little explanation of this. It was on your recommendation, I notice, too.

Mr. Thatcher: The reason that this year is higher is because there is no real attempt this year to come into a break-even position with this group because they were in the process of being phased out. So instead of raising charges as we would normally have done, and this would have reduced the deficit, which is the amount provided in the estimates, we simply allowed that to stand. As you are aware, this program has now been closed off as of the end of September and all of the staff have been reallocated into other functions.

Mr. Hall: That statement, "reallocated into other functions" or "found alternative employment positions"—is this all with various ministries?

Mr. Thatcher: Yes, with various ministries and some outside government, but mainly other ministries within government.

Mr. Hall: Yet you found their work superfluous? You recommended that it be dropped.

Mr. Thatcher: It was dropped as a result of a Management Board review. The basis

of that decision was that there were competitive resources in the private sector, and since we had not reached a break-even point with this particular operation, Management Board felt it was no longer prudent to continue it.

Mr. Hall: That being the case, how can 31 people easily find jobs elsewhere in a period of restraint? Were these posted competitive positions within the Ontario civil service?

Mr. Thatcher: Yes. We were assisted by the Civil Service Commission, who put a control on other ministries' hirings for any of the categories for which we had people available from this group. As a result of that, within six months, by using all available openings that occurred all through the government, we were able to find positions for these people. They were all given existing positions that had fallen vacant during the six months that we were reallocating them.

Mr. Hall: Why was the decision made? You say it wasn't operating on a break-even. Was it performing a valuable service, Mr. Thatcher?

Mr. Thatcher: In my opinion it was. I think that generally in the opinion of most of the other ministries it was, because they continued to use its services.

Mr. Hall: Mr. Nixon just made what I thought was a very stirring speech suggesting that they use your expertise more in this area. I don't think he was aware at the time that the tent was being folded. You seemed to agree that there was merit in suggestions for making this a centre point for such consultative advice. Are we losing something here that we need?

Mr. Thatcher: The services that could be provided by the management consultant services branch are available generally from outside. Terminating that particular service within government does not prevent ministries from obtaining those services from outside. Judging by the cost figures that we were able to produce, they can obtain this service more cheaply from outside.

Mr. Nixon: Mostly because they haven't been using your service.

Mr. Thatcher: It's partly a utilization problem.

Mr. Nixon: I suppose some people in government would figure they would prefer to do business with an outside organization, rather than come to consultants within the government. For example, I understand the

Ombudsman has got a fairly large management consultant contract out. Is that no so? Is there somebody here on that committee—

Mr. Ruston: I'm not on the committee but I understand that they have—

Mr. Hall: With Hickling-Johnston, haven't they?

Mr. Nixon: They have a very large contract out on the basis of getting some advice on the organization of the office which is only about two years old. It just seems a shame that we have had this service here. Here's one arm. It's not an arm of government but I'm sure the facilities would have been available to them. It wasn't used and now they feel the need of consultancy and out they go at great expense.

Mr. Hall: I think it's a pity that it happened before a new and intelligent minister came along who would give direction to this whole field.

Mr. Nixon: He could have straightened the whole thing out, actually.

Mr. Hall: It is quite a pity.

Mr. Nixon: They leave it all to the Treasurer (Mr. McKeough) to save the money.

Mr. Charlton: Following along with that discussion on the management consulting services, you're saying you couldn't provide the service as cheaply as it could be bought in the private sector, but that was partly because of lack of utilization. Do you feel you could have provided the services cheaply if the services you were providing were being properly utilized?

Hon. Mr. McCague: I think the key to this is the fluctuating demand for services.

Mr. Charlton: In other words, sometimes there is a lot and at other times there isn't very much at all.

Mr. Thatcher: If I could just add to that, another problem is that when competing with an outside consultant, our own service had a very limited market because we were only marketing inside government. We weren't able to go out and rattle the bushes to get some more business in the way an outside consultant can do. If you are going to set up an internal service with a limited number of clients, you are going to have to be sure you get some sort of guarantee of work or, if it becomes strictly up to the whim of your clients, you are probably going to be out of business. I think that is about the size of it.

Mr. Charlton: Okay. In this note, it says: "It was increasingly evident that the service could not be operated on a break-even

basis." Break-even in what terms? In terms of the charge-backs to the ministries?

Mr. Thatcher: Yes.

Mr. Charlton: Why was the decision made this year on a half-year not to bother with the charge-backs at all in order to recover whatever could be recovered for this ministry?

Mr. Thatcher: There is a charge-back in the first half of this year, but what we did not do was increase the rates to keep our service in the same position as we had been last year. Last year we did not make a break-even position. In other words, the income we received from the charge-backs did not cover our total costs.

Mr. Charlton: We assume that last year the deficit was \$194,800.

Mr. Thatcher: That's right. By staying with the same rates and by having less work, because everybody knew within government from the beginning of this fiscal year that this service was going out of business, we couldn't in fact undertake any long-term commitments. So there was a very low utilization factor during those six months. We had not increased the rate to cover costs which had increased, and therefore the deficit in this year was considerably higher than last year.

[9:15]

Mr. Charlton: The question that Mr. Nixon was raising about the Ministry of Colleges and Universities, I just want to get it clear in my mind because I didn't follow the whole story. He was talking in terms of \$9 million, and the response up here was talking in terms of something like \$89,000 over 15 months. Am I right in assuming that the difference, then, was spent by the Ministry of Colleges and Universities in the private sector?

Mr. Thatcher: Yes.

Mr. Nixon: They even employed an outside consultant. After getting some rather negative advice from the ministry indicating their program was no damn good, they went out and said, "We will get a couple more opinions until we find somebody who will tell us that we should keep going."

It says in the report: "From 1971 to 1975 when the colleges saw their death wish on the program come true, it cost the government an average of \$2 million a year. And the new system which replaced it cost only \$375,000 annually."

Mr. Thatcher: Mr. Charlton, could I just correct an impression there? What I said "yes" to, the question of \$9 million, I don't

know that it was \$9 million, and I don't know that it was all spent outside in the private sector. Whatever the total sum is, it would have been spent by the Ministry of Colleges and Universities. Some of it would have been outside, and some of it would have been their own staff, I would imagine. But I don't know what the total sum is.

Mr. Ruston: Mr. Charlton, I have the Auditor's report ending March 31, 1967 and just to clear it up, it says: "Payments to suppliers of computer services, \$5,100,000. Payment of salaries at the Ministry of Colleges and Universities, \$3,900,000." That's where the money is.

Hon. Mr. McCague: Mr. Chairman, if I could go back and give you some of the figures that I did before as they apply to this ministry, they are on the record, and maybe I don't have to give them again. But they would look to me as if they total something like \$170,000 that the ministry paid us for services rendered.

Mr. Nixon: Consultative services. No?

Hon. Mr. McCague: To the management consulting services division. Some of it was loan of staff.

Mr. Charlton: How long a period was that over?

Hon. Mr. McCague: From December 1972 to December 1976.

Item 2 agreed to.

On item 3, systems development services:

Mr. Ruston: Any information services in this vote?

Mr. Charlton: A question about the figures of \$1,000 and the \$410,000 this year. What is represented by that pretty dramatic change?

Hon. Mr. McCague: Those are services.

Mr. Thatcher: The \$1,000 from last year represented just a nominal figure for what was intended to be a break-even position. In fact it didn't break even last year. It was running at a deficit.

In the current year there is an increase in the amount, and that amount was largely put in the estimates to cover additional training. It was felt that the people in this area needed to have periodic updates of technical training in order to maintain their ability to serve the needs of government, so an amount was put in which represents training, essentially.

Mr. Charlton: Do you know offhand how much the training figure would be?

Mr. Thatcher: The \$410,000 is supposed

to cover training, and we are supposed to be breaking even on the balance.

Mr. Charlton: Breaking even on the rest of the service?

Mr. Thatcher: Yes. And I think it is coming pretty close so far this year.

Mr. Hall: I was interested in the same set of circumstances. For 1976-77, I notice that you estimated an actual figure of \$1,000. What is your experience in the year ended in April? Do you have that?

Mr. Thatcher: The actual expenditure for systems development services in the last fiscal year ended March 31, 1977, was \$925,588.

Mr. Hall: Did you charge back the amount that you weren't able to collect? Is that what you meant, Mr. Thatcher?

Mr. Thatcher: That's correct.

Mr. Hall: That's \$925,588?

Mr. Thatcher: That's correct.

Mr. Hall: Do you have a lot of ministries that don't pay their accounts? What is the problem?

Mr. Thatcher: Again, I think it's a case of utilization and the charge rate—the rate that we are charging other ministries for this service.

Mr. Nixon: You mean you are not charging what it cost?

Mr. Thatcher: That's correct.

Mr. Hall: Have you undergone some adjustments in your charge-outs so that your ministry will look a little better on that this year, because you are only estimating for \$500,000 less than that in losses this year?

Mr. Thatcher: This year we do have a better utilization factor and have put an increase in the rates; and we are running to a better budget this year than I think we had last year. To some extent, utilization rates are a little unpredictable, but I think our program this year will be closer to a break-even than last year.

There is another point in this: to some extent there has to be a certain number of people in the government who are working in this field. We do utilize outside systems people, but when outside people come into work they need some people who have experience within the government to orient them and to get them started on the program. To bring people in from outside with absolutely no knowledge of government at all would cause a certain amount of delay and a certain amount of cost while they are understanding exactly what the problem is that they are to solve. So the chargeback is to some extent an artificial mechanism within the gov-

ernment, where we are, as it were, taking money from one pocket to the other.

Mr. Hall: That may be, but each budget has to suffer approval, and you, in this particular item, have been exceeding your budget by an untold percentage which must be covered later on by a supplementary or answering board order.

Mr. Thatcher: Yes, it is covered by Management Board order.

Mr. Hall: Every ministry would like to have its own budgeting come out right and I can maybe understand the dilemma that you are in where you can't pass it on. But at the same time it should be reflected in the estimates. Your estimate should be, in fact, what you expect your cost to be. This is not a new situation that you are facing; it must have some historical experience that you can relate to. Again, I have confidence that the new minister will put out a good markup on his services because he is a trained businessman. But, really, it makes you look bad and might make the other ministers look good. I think each ministry should stand on its own here. To see \$1,000 estimated in 1976-77 and \$925,000 incurred makes me wonder whether your \$410,000 this year is still a fallible figure.

Mr. Thatcher: At the present time, our review of costs this year indicates we are on target with our expenditure. We are breaking even except for the \$410,000 training budget.

Mr. Hall: I have to tell you that if you were a business filing a return with the Workmen's Compensation Board, you would be penalized very severely for such estimates in terms of your costs.

Item 3 agreed to.

On item 4, computer services:

Mr. Charlton: We are going the other way with computer services and have a substantial decrease. Is it fair to assume that the decrease is as a result of better rates in the charge-back system rather than a better recovery.

Hon. Mr. McCague: Better rates.

Mr. Thatcher: It's essentially a break-even operation. If you look at the right-hand side of the page where we show the breakdown, you will see that we're showing recoveries from other ministries breaking even except for \$100. In actual fact, we're confident that recoveries will very likely be greater than expenditures. We have put in an amount for equipment tender implementation, and this is something that is held out separately, really more for accounting reasons than for anything else. It's not a chargeable thing; it's overhead

costs that we bear as a result of going to tender for major equipment. That's what that figure represents. So in aggregate you could say that the computer services is comfortably in a break-even position.

Mr. Charlton: The figure of \$678,100 was estimated last year. Was the estimate that high because you didn't feel you would recover, or were there some overheads in there?

Mr. Thatcher: There were overheads in there. We had a higher figure for the tender implementation because it was just following a major re-equipping of all three centres.

Mr. Charlton: Was your recovery position last year what you estimated it would be?

Mr. Thatcher: We came out slightly better than we had estimated, and with recoveries exceeding expenditures.

Mr. Charlton: How is recovery going this year?

Mr. Thatcher: We are slightly ahead of our program this year.

Mr. Hall: You are spending \$19,000,000 in this section, Mr. Minister. Would you hazard a guess—as to computer services—what percentage of total government expenditure this \$19,000,000 used through your ministry represents? Is it less than 100 per cent? Is it 80 per cent, 40 per cent or what?

Hon. Mr. McCague: Ninety to 95 per cent.

Mr. Hall: What circumstances dictate their not using your services. Would there be a saving if there was a more complete utilization of what you have?

[9:30]

Mr. L. Belanger: There are a variety of computer services that we offer. We offer batch processing; we offer what is known as time sharing; we offer data base management services. There are some specialized services that are not widely used within the government. While we could offer these we probably could not offer them as economically as they can be procured outside. For that reason we don't offer the complete spectrum of computer services. These are relatively minor and highly specialized areas, some of them having to do with engineering problems that are not common to many government ministries but are more common to industry. As a result, private sector service bureaus can and do offer that service more competitively than we can, and the client ministries take advantage of that.

Mr. Hall: But that is not to say that your hardware and your staff are not fully utilized. You are saying to do that you would have to

hire more staff and have different types of equipment. Is that it?

Mr. L. Belanger: Yes—that in different types of staff expertise we would probably have difficulty utilizing a good percentage of their time.

Mr. Hall: Where are all these computer centres that are available to the government? Are they scattered around the province?

Hon. Mr. McCague: There are three, as noted in your briefing notes—Downsview computing centre, Leaside data centre, Queen's Park computing centre.

Mr. Hall: Mine don't say where they are, Mr. Minister. Maybe yours do but mine don't.

Hon. Mr. McCague: Sorry about that.

Mr. Hall: I have the layman's guide, I guess.

Mr. Thatcher: As the minister said, there is one at Downsview, that is in the building of MTC; there is one at Leaside, that is in the Health buildings at Overlea Boulevard; and there is one at Queen's Park and that is in the Drew Building. We call it the Queen's Park centre but it is in the Drew Building.

Mr. Nixon: Which is the Drew Building?

Mr. Thatcher: Perhaps you know it as the Forensic Sciences Building.

Mr. Hall: So for branch operations of various ministries, is there some plug-in phone system that connects to the central computers in Toronto?

Mr. Thatcher: Yes, sometimes the ministries using the computers will have a terminal and will be sending in information and drawing out information through their terminal which is wired up to one of the centres.

Mr. Nixon: I really don't understand much about this obviously, but if your salaries are about \$5 million, and supplies and equipment \$1 million, what do you buy for the \$11,800,000?

Mr. Thatcher: That is the rental of the major computer equipment. It is practically all rented equipment.

Mr. Ruston: Do you have any staff other than your own that looks after these, or do you hire some outside staff?

Mr. Thatcher: It is essentially our own staff who operate it. Where we have special equipment from manufacturers the manufacturer will often provide us with staff to assist us in maintaining it.

Mr. Nixon: Did you get over to see it, Mr. Minister?

Hon. Mr. McCague: Yes, Mr. Nixon. The invitation was extended to all members last

year by the then minister, and I was one of the ones who took advantage of that opportunity.

Mr. Hall: Maybe I am misinformed, but it seems to me that such things as high school programming for class arrangement and timetable scheduling was done by a computer at North Bay. Would this be separate from your facilities?

Mr. L. Belanger: There are a number of school boards around the province that have what are known as remote terminals, and these are essentially devices which allow data to be input to the computers and extracted from the computers. They are attached via telephone line to our central computers here in Toronto. Quite often computer terminals are called simply "computers," and it is quite possible that someone in North Bay may have been referring to one of these. It is also possible, of course, that the school board in North Bay could be availing themselves of services from the private sector rather than ours.

Mr. Hall: I live in the Niagara Peninsula, Mr. Belanger, and yet somehow I gather that the data goes up there and gets computerized.

Hon. Mr. McCague: On a government computer?

Mr. Hall: I'm asking you, sir. I don't know.

Mr. L. Belanger: There are terminals much closer to your area than North Bay attached to our centres. I would venture that if the data is going from your area to North Bay then the school board there is probably availing themselves of some firm in the private sector rather than using our services.

Mr. Hall: Is that in the nature of specialized stuff that you couldn't do that you referred to earlier?

Mr. L. Belanger: No, sir—it's not. I would point out though, that all of our customers, client ministries within the Ontario government, have the option of using our services in tendering for their business and we do not have 100 per cent of that market.

Mr. Hall: When they tender, do they know your charge rate?

Hon. Mr. McCague: Yes, they do. It is required that they invite us to bid on our work. I must note though, that a school board is not necessarily required to allow us to bid since they aren't per se a part of the Ontario government.

Mr. Hall: Local autonomy and all that.

Mr. Charlton: Yes. Talking along the lines

of what you can handle and what you can't, could you tell me offhand if the assessment division of the Ministry of Revenue is at present using your computer services for the production of its assessment rules and valuation file and so on?

Mr. L. Belanger: We were fortunate enough to win a major tender from the Ministry of Revenue for what's known as the standard assessment system. And yes, we do process that.

Mr. Charlton: How long have you been doing that now? Is that just this year or—

Mr. L. Belanger: They tender their standard assessment system by two regions since it is a large amount of work. I believe that some three years ago we were successful in winning one half of that business, and about a year and a half ago we were successful in a subsequent tender in winning the balance.

Mr. Charlton: The reason I asked that was I knew they were at one point going to the private sector. I recall a number of years ago they ran into a problem where a bunch of their assessment material ended up in Belfast to be computerized. It got tied up for a number of months because of the little problem they were having over there. They are pretty well all in your system now then, eh?

Mr. L. Belanger: Yes.

Mr. Hall: Just out of curiosity, if you are a bidder like others on different ministries, working for their computer service needs—this is what you said, Mr. Belanger—

Mr. L. Belanger: Yes.

Mr. Hall: —how is confidentiality protected on such matters as—well, any number of things where you are doing forward studies or relating to municipalities and what have you? How would a ministry such as Revenue and TEIGA—where you weren't a successful bidder and they were playing around with all these numbers which are policy shapers—be protected?

Mr. L. Belanger: There are certain sensitive applications which most ministries would not tender. The ministries have the choice of tendering or not tendering. In general I believe it's their practice that with particularly sensitive data they might not tender that particular application.

Mr. Nixon: Just use your facilities?

Mr. L. Belanger: Yes.

Mr. Hall: The responsibility rests with the individual ministry?

Mr. L. Belanger: Yes.

Mr. Ruston: You have your computer in Downsview, so the information given out by Transportation with regard to the names of people with a driver's licence, for mailings from a company in eastern Ontario that tries to sell a coat or something to everybody else in Ontario, I take it that's done through the Ministry of Transportation and Communications?

Mr. L. Belanger: Yes.

Mr. Ashe: At no time does your Government Services ministry sell these records accumulations of any kind?

Mr. L. Belanger: No, not to the private sector. We provide this service to line ministries. We hold their data confidential and will only provide it to them or to parties that they direct us to provide it to.

Item 4 agreed to.

Mr. Nixon: Mr. Chairman, just before you carry the whole estimate, would you permit me to ask the minister a question having to do with a property acquisition that was referred to by the Solicitor General (Mr. MacBeth) in his estimates this afternoon? I asked him about the possibility of a new building for the OPP in the Brantford-Brant area. He indicated that even today property was being acquired. Does the minister know anything about that, since the Solicitor General made some indication of it just this afternoon?

Hon. Mr. McCague: Mr. Nixon, the problem with going back is that the staff who would know about that are not here.

Mr. Nixon: I can address an inquiry by writing to you, if that would be better.

Hon. Mr. McCague: Certainly. You can just call us again and we can send you the answer without all that trouble.

Mr. Nixon: All right, if you don't mind. The property and the new facility for the OPP in Brantford.

Vote 805 agreed to.

Mr. Chairman: This completes the consideration of the estimates of the Ministry of Government Services. Tomorrow we would normally sit from 8 until 10:30 but the next ministry on the agenda is the Ministry of Revenue. The parties involved are not prepared to go ahead tomorrow night and so we are at present negotiating to see if we can consider some of the other estimates, such as Office of the Premier, Cabinet Office, perhaps the assembly office and so on. So the meeting tomorrow night is subject, I guess, to the call of the chairman. We will just have to play it by ear.

The committee adjourned at 9:42 p.m.

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Sche, G. (Durham West PC)
 Charlton, B. (Hamilton Mountain NDP)
 Davidson, M. (Cambridge NDP)
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 Huston, R. F. (Essex North L)

Ministry of Government Services officials taking part:

Belanger, L., Executive Director, Computer Services
 Borosa, W., Director, Protocol Services
 Strauss, E. F. H., Assistant Deputy Minister, Supply and Services
 Thatcher, J. C., Deputy Minister
 Towers, D. I., Director, Telecommunication Services



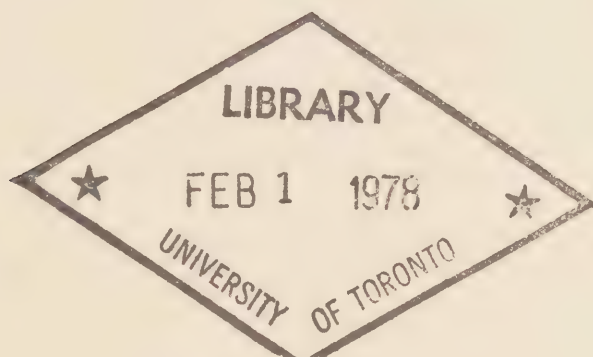
No. G-13

Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Revenue



First Session, 31st Parliament

Wednesday, November 9, 1977

Morning Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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A list of the speakers taking part in the debates in this issue of Hansard appears, in alphabetical order, at the back of this issue.

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LEGISLATURE OF ONTARIO

WEDNESDAY, NOVEMBER 9, 1977

The committee met at 10:05 a.m.

ESTIMATES, MINISTRY OF REVENUE

Mr. Chairman: The hours today are going to be changed somewhat because the House is sitting today which, as you know, isn't normally the case on Wednesday. Because of Remembrance Day on Friday the House is sitting today, so our hours will not be the normal hours to which we are accustomed. We will be sitting from 10 to 12 and it is my thought that perhaps we can convene as quickly after question period as possible, shortly after 3, and sit through until 6 o'clock which would be concurrent with the House. If the committee is agreed with that, then we will proceed with the minister's opening statement.

Mr. Makarchuk: If there is an emergency debate, I think it is in the rules—and I am subject to correction here—that when there is an emergency debate going on, the committees do not sit?

Mr. Chairman: I believe that is sometimes the case. I would have to check the rule on that, Mr. Makarchuk. I believe it has just been the practice. I don't think it is in the rules. I think that is subject to negotiation between the House leaders. It's my understanding that the House leaders have agreed to have the committees sit this afternoon. So, that being the case, shall we proceed with the minister's opening statement?

Hon. Mrs. Scrivener: Thank you, Mr. Chairman. May I extend my congratulations to you upon your election to this important chairmanship, a committee that I have served on over a period of time as a private member. I appreciate its chairmanship and I thank you.

I would like to make a few opening remarks about some factors that I have observed as a minister concerning the implementation of Ontario's tax policy. These are viewpoints and philosophies affecting the ministry and its operation—that is the Ministry of Revenue and its operation as I have seen them since my appointment last February.

To me, Revenue is quite distinct from other ministries in the very basic sense

that we bring in money rather than spend it. It is our responsibility to collect provincial revenue which this year will amount to some \$4.2 billion. These funds are raised primarily through the retail sales tax and the corporation tax.

In addition, the Ministry of Revenue is heavily involved in income support programs through the guaranteed annual income system and a series of tax credits, in the administration of tax incentives for business and industry, in the assessment of property, which as you know provides the tax base for Ontario's 836,000 municipalities, and in the direction of the Province of Ontario Savings Office.

Speaking specifically to the role of tax collector, I am reminded that there were almost as many old saws about taxation as there are taxpayers. That ancient observation about the inevitability of death and taxes comes to mind. However, my favourite is a comment by the eminent American journalist, Oliver Wendell Holmes Junior who said, "Taxes are what we pay for civilized society."

Taxation is inevitable as long as societies continue to form groups to provide general services that the individual cannot provide for himself. Once this fact is accepted, the issue that must concern us is the manner in which taxation is applied and to whom it is applied. After all, a tax policy is only as good as its implementation.

In Ontario, as in most of the world, government finance has two basic dimensions. My colleague, the provincial Treasurer (Mr. McKeough), proposes tax policy which generally indicates who is to be taxed and at what rate. My job constitutes the other facet. As Minister of Revenue, I must find the most effective, appropriate and humane way in which to apply the government's tax policy.

In my opinion, the most appropriate application of tax policy is not centred on the processing of endless pieces of paper with adding machines or computers checking all the figures to see that they balance. Governments don't get revenue from pieces of paper; governments get revenue from people, and in my ministry we, as tax administrators, are most concerned with people.

In many jurisdictions taxpayers are treated

with disdain; never mind the circumstances, just get the money. This technique is used with varying degrees of effectiveness. Obviously such an approach is a very short-term solution to tax administration, especially so when one realizes that taxes are with us for the long term and that the administration of taxes can have enormous effects for good or bad on the health and confidence of the private sector.

[10:15]

From my observation of the past eight months, I think it is apparent that tax administration must be approached in another manner. Not only must tax administration in Ontario be fair, equitable and even-handed, it must be seen to be fair, equitable and even-handed.

Further, it is our responsibility to provide consistency of application to the statutes that we administer. In this way, taxpayers can see that we are aware of the consequences of our actions, and that our objective is to be as supportive as possible. If not acted upon, this philosophy is just a mouthful of empty platitudes.

How then are we achieving this goal? I think it is only accomplished by providing service. If we as a ministry expect taxpayers and tax agents to comply with requests for returns, remittances and highly confidential information, then we must make this process as clear and as straightforward as possible.

The first criterion in giving effective service is to provide sufficient information, so that the taxpayer knows his obligations and his rights. This information must be clear, concise and easily understood. The vast majority of our taxpayers are not experts in law or finance and have no access to that kind of expertise other than through our ministry. We are, if you like, their tax advisory service.

The second requirement of good service is accessibility. If a taxpayer has a question or a complaint, he needs to contact the right person at the time he has the problem. He should not be subjected to the old run-around of being shunted from office to office, or of being told to fill out yet another form. He needs and has a right to an answer immediately.

A similar situation should prevail when our assessments are being questioned. Tax disputes should be resolved quickly and fairly. One cannot offer to listen to a taxpayer and then make it impossible for him to be heard through the din of bureaucratic machinations.

The third element of our philosophy is the elimination of as much red tape as possible.

As I have mentioned, tax administration should not revolve around the processing of paper. However, I am well aware that some such processing cannot be avoided, given the complexities of most legislation as well as of human nature.

Nevertheless, I believe that paper should be kept to a minimum, forms should be simple and clear, and the bulk of the work should be placed upon us rather than upon the taxpayer. I must note that paper is not the only form of red tape. As I have said, clear and concise information and ease of access can also help to resolve the red tape problem.

These are some of the steps that I think administrators can take to put humanity into tax administration. However, I believe I must comment on the fact that certain circumstances do make it difficult for my ministry to provide the best possible service at all times.

Planning our move to Oshawa, our budgeting constraints, and the limitations on numbers of staff have forced us to look for new and better ways to handle our expanding workload. Mindful of the elements of good service, my ministry has taken action on three main fronts.

First of all, we have completely reorganized our tax bulletin program. We have adopted a new format which is easier to read with an emphasis on clarity of language, timeliness and facts. Every attempt has been made to eliminate jargon without losing the substance of the message.

In the case of the corporation tax, we have changed to a series of bulletins which cover general information, technical interpretations and procedures. The new format of our bulletins appears to have been well received, as these comments from the Mechanical Contractors Association of Ontario would indicate: "We feel the authors of this bulletin should be warmly congratulated for the excellent way in which a complex subject matter has been presented in a simple, lucid and straightforward manner. The clear and concise presentation, with its excellent commentaries, is precisely what businessmen require on technical matters of this nature."

Our next effort on this front has been the provision of a binding advance ruling service for corporate taxpayers. Since April, information on how to obtain a binding advance ruling from my ministry on a specific transaction has been available to corporations. This new service is designed to deal primarily with cases in which Ontario's tax differs from Ottawa's. I shall deal later with important steps we are taking to ensure greater con-

sistency between the federal and the Ontario corporation tax systems.

I am pleased that in setting this new procedure in place, we have managed to hold red tape to a minimum. Much has been said recently concerning the need for tax simplification. For several years now, the government of Ontario has been committed to a program of tax simplification and, of course, my ministry has been heavily involved.

As you know, last week I introduced into the Legislature a bill to significantly simplify the administration of and compliance with the Corporations Tax Act of Ontario. This bill not only represents a change in the government's tax policy, but it embodies a significant change in the application of that policy. As you are all aware, the Ontario Corporations Tax Act closely follows the Income Tax Act of Canada. The exceptions relate to matters concerning the tax policy of the Ontario government.

Since 1972, there have been at least five major amendment bills by the federal government to the Income Tax Act. Even though Ontario paralleled more than 95 per cent of these changes as they affected corporations, it was still necessary for Ontario to produce large amendment bills to give effect to the parallels. To put it another way, under the current Corporations Tax Act, Ontario must amend its legislation in order to parallel federal changes. Deviations occur unless preventive action is taken.

The bill in question contains provisions to correct this situation. Thus in the future, Ontario will automatically tie in to the Income Tax Act of Canada unless our government chooses to differ.

There are several benefits to this approach. First, there is certainty. Taxpayers will know at where the law is supposed to be the same, it will be the same. Second, all intended differences between provincial and federal law will be highlighted. Third, the number of legislative amendments required should be drastically reduced.

The end result will be a reduction in bulk of the statute and an increased comprehension of the statute. Consequently, I think a significant increase in ease of compliance with the statute will follow. I intend also to apply this whole approach to a simplification of our statutes to other bills that we administer.

I have outlined for you, Mr. Chairman, and for members of the committee, some views concerning the administration of the tax policy of Ontario as it is applied by the Ministry of Revenue. In conclusion, I would like to reiterate my philosophy that tax ad-

ministration must not only be fair, equitable and evenhanded, it must be seen to be so.

Mr. Haggerty: Mr. Chairman and Madam Minister, it is my task today, and indeed a pleasure, to accept the responsibility as official opposition critic during the estimates of the Ministry of Revenue.

Although the Minister of Revenue's area of responsibility may be considered as the tax collector for the province of Ontario, it's an area that carries a certain amount of misgiving—when one clearly understands that it is the Treasurer of the province who calls the tune and provides the policy of Ontario's tax base and requirements. I must remind the committee members that the Treasurer's forecast for revenue expectations has fallen far short. I doubt his promises of a balanced budget by early 1981 will ever mature, or that the job creation programs will be fulfilled, reducing the high unemployment in Ontario.

I believe this is the first opportunity in some 18 months or so that the Legislature has had the opportunity to scrutinize the minister's estimates, and the first time for this minister's accountability to the Legislature. I extend best wishes to the minister in this area.

I have noticed the substantial increase in the operations of the Ministry of Revenue by \$31 million or more within a two-year period, well above the ceilings imposed by the Ministry of Treasury, Economics and Intergovernmental Affairs during the period of restraint. The ministry spends some \$204 million to \$205 million to collect approximately \$4.5 billion in revenue. This is rather an expensive operation as chief tax collector.

I have strong reservations that the cost of tax collection can be reduced. The minister, in her opening remarks this morning, talked about the red tape involved in the ministry. Then she indicated that the new facilities will be located in Oshawa, one of the most thriving and most economical municipalities perhaps in Ontario, with the highest income per year. At a time when the province faces difficulties in job creation throughout other areas, you would have thought it would have located this facility in a place such as Sudbury that is a depressed area of unemployment.

The reason that was done perhaps was that we had difficulties in the automobile industry some two years ago. Perhaps to keep the automobile industry and the unions content, this was the decision the government took to locate it in that area. I think that as close as it is to Metropolitan Toronto, where there is a large base of commercial and industrial

complexes and employment, it should have been moved into, as I said before, a more depressed area—perhaps even eastern Ontario or in areas of northern Ontario.

But I think there is an area where we could reduce the cost of collecting such taxes as the retail sales tax, the gasoline tax, motor vehicle fuel tax and the tobacco tax. We could do this by applying the tax at the manufacturing level instead of having thousands of small tax collectors collecting revenue all over the province and causing many difficulties for the small business operators. I suggest that this is an area we should be looking at, where we could reduce the red tape involved, by doing it at the manufacturing level.

Ontario introduced the provincial sales tax on March 9, 1961, with a tax rate of three per cent. The Ontario sales tax rapidly established itself as a major source of provincial revenue, yielding \$179 million in the first fiscal year of operation. In 1962-63 it supplied 21.2 per cent of Ontario's provincial tax revenues. The sales tax has been pyramiding since, providing large sources of new provincial revenues. It is estimated that this year alone, it will generate some \$2 billion. One must not forget that the government in the past has also added increases in the area of the sales tax from three to five to seven per cent.

Ontario's present sluggish economy is one area which requires some strong government action to replace some confidence and job creation programs to reduce the highest unemployment in Ontario's history. I was pleased to hear the announcement of the Treasurer in his news release this week that he was going to take measures to spur the economy and create jobs. The Treasurer has proposed an income tax cut for low income earners by some \$20 million. I am afraid that the tax reductions will have no impact on Ontario's serious unemployment problem. Why not lower the retail sales tax? This move would have more general—

Hon. Mrs. Scrivener: General application?

Mr. Haggerty: It would be applied across the board—it would cover a larger cross-section through Ontario. There's no doubt it would increase consumer spending for more people. I think we found this in 1975, when the government reduced the sales tax as it related to the automobile industry.

Hon. Mrs. Scrivener: The Treasurer did, of course, propose this to the Minister of Finance.

[10:30]

Mr. Haggerty: It certainly did spur the

economy and it kept the automobile industry moving. To me, the sales tax can be considered as a regressive form of taxation and it has reflected a degree of discrimination on the lower-income families compared to the higher-income families that are buying more.

In the matter of forgiving the sales tax on production machinery equipment, it hasn't been successful. I think it has cost the ministry some \$160 million to \$180 million in revenue but it hasn't produced the job creation program that it was intended to do. In this area I am suggesting to the minister that we should be looking at a reduced sales tax to get the economy rolling again.

I am also concerned with the expenditure for municipal assessment practices in the province. It has increased some \$8 million. I was wondering what would happen if the government did bring in a bill to introduce market value assessment. This high cost to provide the services now through the ministry would no doubt be passed on to the local municipalities. This is perhaps a matter that will be discussed in more detail in the bill later on next week.

The Treasurer's budget statement of April 16 stated that the government is advancing proposals on how the property tax structure can be reformed to accommodate reassessed property. His budget paper E outlined 15 proposals as a foundation of a new property tax system based on reassessed value, stating: "It is the government's desire that this be afforded the widest opportunity to participate in the development of a new tax system."

The Blair commission has been meeting since May or June of 1976 and has no doubt received submissions and recommendations on the new property tax system. The government's proposal at that time was to call for the commission's report some time in January 1977, legislation to be prepared by the spring of 1977 and a new property tax system of market value assessment to be in operation in 1978.

That timetable no doubt will be altered once again. Legislation was introduced here just recently to delay the implementation of market value assessment for another year or so. By coincidence, this strategy by the Conservative government has been going on since 1971 and is usually present just before a provincial election.

The Smith committee on taxation verified there were shortcomings in 1967 and an all party committee of the Legislature described the conditions of assessment as deplorable. In many municipalities the property assessments were not being adequately maintained

The assessment system was faced with inadequacies and even omissions. Some municipalities are extracting more tax dollars through provincial grants while at the same time neglecting to update their assessment rolls. Local taxpayers were being adversely affected by the growing discrepancies in the distribution of the tax burden.

Assessment standards had to be improved. I think we all agree to that. In debates I have indicated to the minister responsible that the province's assessment practices must have uniformity in procedures and that every assessor be required to use the same manual of assessment practices across the province.

In previous years, many municipal assessors provided their own guidelines in assessing property. It was not until the early 1960s that many assessors actually had training in assessment, appraisal or evaluation. Many assessors enrolled in the educational program made available by the Association of Municipal Assessors through Queen's University at Kingston. This program certainly improved the quality of assessors in Ontario. I think much of the credit can be given to the Association of Municipal Assessors for improving the quality of assessment in the province of Ontario, because at that time there was little input from the government of Ontario.

Welland county, to my knowledge, had maintained a reasonable approach to equalized assessment practices. Every assessor was using a standardization manual of assessment procedures and the county perhaps was further advanced in the acceptance of market value assessment than any other municipality in Ontario. By coincidence, in the Treasurer's budget report on reform of property taxation, the Niagara region was used in an analysis of proposed reforms. Because of its diversity in property assessment, the region has been chosen as an area to be analysed.

First, market value assessment using the present system of taxation would result in large changes in property taxes for different kinds of property. Second, proposals for a new tax system would affect property tax distribution.

The analysis had been based on a taxation of residences at 50 per cent of market value and all other property at 100 per cent of market value. Market value is a method of appraisal. There are three approaches to appraising real estate: the market data or sales price approach, the income or earning approach, and the cost approach.

The sales approach, the method of determining value by comparative sales, is prob-

ably the most widely used of the three approaches. Its successful application depends upon an accurate collection and tabulation of a considerable amount of information and on the exercise of good judgement in the selection and screening of properties to be compared with property which is being valued. I might say, this practice was carried out in the former county of Welland. This method can also relate to land values by comparison with sales of comparative property.

The cost method is the cost of reproducing the billings and it's usually determined by finding the average cost per square foot of floor space or cubic-foot contents for a building. This may apply to commercial or industrial of similar construction. Usually in all assessments of property, depreciation and deterioration allowances are considered. I know of the problem that assessors will have in assessing commercial or industrial. I'm sure they do now have the knowledge and the know-how of bringing in a value on a commercial or an industrial assessment.

I know a few years ago not too many assessors were knowledgeable in the process of steel fabrication. I don't know how they can go into some of these old buildings and arrive at a cost replacement on that building. I think they used to use the volume, the cubic-foot space, and some of them even included the area beyond the rafters, if I'm not mistaken.

One easy method to check on the cost of the building is to check with your fire insurance agent who can provide you with information relating to replacement cost. Often, I've had a number of inquiries concerning assessment, and I've advised them to talk with their fire insurance agent. I'll tell you, they're not too far out when it comes to replacement cost or market value of property. The method they have is a simple manual.

I can see, once the implementation of market value assessment comes in, the appeals that are going to be placed before that tribunal court that's going to have to hear them all are going to be just out of this world. I don't know how you're going to cope with them all. When I suggest the matter of the fire insurance agent as a person who can arrive at a market value of assessment, that's similar to the type of assessment that they have in Sweden, where the property owner places the value of assessment himself. In other words, he has to be accountable to it.

If you talk to some of these fire insurance agents, many of the home owners pretty well agree to that form of valuation placed on their property, because if one person knows the value of the property, that is the property

owner. I've had assessors come in to assess my property and I've permitted them to go through my property and through the dwelling. I think there were two of them at the time. To arrive at a value on the land, they walked down through some 25 acres of land.

Mr. Chairman, I don't know if they do that in your area or not, but they took a spade with them. They went down there and turned the sod over and said, "Well! Class one farm land." That's how quickly they put a value on the farm land, not knowing what it will grow. No proper analysis of the soil was taken at all; just by turning the spade—

Hon. Mrs. Scrivener: That's equivalent to taking a bore, which is the modern way of doing it.

Mr. Haggerty: I think if I were going to buy a piece of property to go into farming, I would go through Guelph University's department of agriculture. They can give me a true assessment of what that land is worth and what type of soil it is.

Hon. Mrs. Scrivener: They take test bores every 25 to 50 feet.

Mr. Haggerty: They must be looking for gas.

I encountered another instance after they came in June. A young lady came to the door and I wasn't in too good a mood that day. I wouldn't say she was any more than about 20. She flashed her identification card and said, "I'm an assessor from the region." I said, "Yes, what can I do for you?" She said, "I'm here to assess your property and I want to go through your place." I looked at her and I said, "How many times do I have to open the door?" I didn't let her in anyway. I don't think she knew a common nail from a finishing nail.

Mr. Makarchuk: You shouldn't be so chauvinistic.

Mr. Haggerty: No, I'm just making the point that I believe it's good to have a manual such as we have now. I think much of it was copied from the manual of assessment from the state of California in the United States. I could be wrong on that but I'm sure I'm somewhere near it.

Hon. Mrs. Scrivener: Mr. Chairman, if I could interject. Some of our best assessors are women, and we just regret that we haven't got more of them.

Mr. Makarchuk: Some of them aren't bad people.

Mr. Haggerty: I should clarify that. I had problems in the area with people complaining about the number of assessors that were coming around. There were about four or

five of them working in the community who would come back and hit some of the homes two and three times, which I thought wasn't necessary. It wasn't required. I think an assessor should have the right to go into a place once a year. I see nothing wrong with that. When they go in three and four times, I think they're overdoing it. There are certain times that people just don't want to be bothered with persons coming to the door and saying, "Open your doors for me."

Farm land and farm buildings will be taxed at 100 per cent of market value and the taxes will be paid for by the province. There will be provisions to recover taxes paid by the province if the property changes. In this proposal, I strongly believe that we will encourage developers to purchase farm land and to hold the land for a number of years at little cost for investment purposes.

As long as the land remains in agricultural production with taxes paid for by the government, it can generate profits for the taxpayer. Looking at this particular suggestion in the Blair commission report on property reform, I suppose that if the developer had somebody who was going to pay taxes on farm lands, 100 per cent of it, he could take large amounts of money and put it into working capital in other areas. He could conceivably generate an interest of 12, 14 or even 20 per cent, and only pay back to the province a rate of interest of about eight per cent. That's a good investment. It's almost as good as some of the banks.

Ontario tax reforms redefined residential property. That included family residences, recreational residences, farm houses, condominiums, multiple rental residences, student residences, homes for the aged, and other similar types of properties.

Vacant commercial and industrial land, railroad rights of way, golf courses, lodges, clubs, associations and conservation authorities are currently included in the definition of residential properties. These properties would no longer be defined as residential property and would be taxed at 100 per cent of market value.

Already in my area there are a number of golf courses that are up for sale. They're afraid the taxes that will be applied to golf courses will put them out of business. I've suggested, in a number of cases, that they'll have to apply to Wintario to offset the increase in tax reform because it's another form of sports or recreation and, perhaps, that's the area that they should be looking at.

[10:45]

The budget statement further stated that

residences should be taxed at 50 per cent of market value. All other public property would be subject to full tax at 100 per cent of market value.

If I may recall, under the old assessment practices carried out in certain municipalities in Ontario, residences were assessed at about 35 per cent of actual value. That was in the 1960s. If a person wanted to purchase a home and was uncertain of its market property value, all he had to do was multiply the tax assessment figure three or four times. I suppose, if you said it was going to be taxed at 50 per cent of market value, that means that 15 per cent was already raised for municipal tax purposes, because the tax was raised from 35 per cent to 50 per cent. So there is an increase of 15 per cent that will go for municipal taxation purposes.

Public residences and homes for the aged would be subject to taxes equivalent to full taxes at 50 per cent of market value. All local municipally-owned property will be taxed, such as schools—including private schools—recreation facilities, parks, fire stations, municipal buildings, libraries and hospitals.

It is interesting to note in table five, in the Niagara regional comparison tax levies—and I suggest that some of the committee members should be looking at this particular report—for residences, the year before assessment, the tax levies represented 41.9 per cent; the proposed reassessment tax levy would be 31.7 per cent, a reduction of 10.2 per cent, with little change to farm property. This shift to a lesser tax levy on residential property is brought about by taxpayers paying taxes on municipally-owned property, which would include private schools, hospitals, charitable and non-profit property. It's like taking money out of one hand and putting it in the other.

With reference to this budget reform of property taxation in Ontario in 1976, it goes on here in table five: for residences the year before reassessment, tax levies represent 41.9 per cent. Reassessment tax levy would be 31.7 per cent.

I mentioned before that we would be paying taxes on firehalls, libraries and other recreational land that municipalities owned. This would generate two per cent of the tax levy. School boards would generate 6.3 per cent and others would be 9.5 per cent. I suppose if you sat down and worked it out you could pick up that 10 per cent difference as suggested in there, that said there would be a reduction in municipal taxes under the tax reforms suggested in this study.

What I'm saying is, there will be a reduction in property taxes, but then again, they're

going to have to pick it up in school taxes and municipal property.

Private and separate schools beyond grade 10 will be severely affected by this proposal. Both provide valuable services to the community but neither can receive any form of grant assistance from the province. These schools provide alternative facilities to children who would otherwise be in the public school system.

Unlike the profit-making organizations, these school boards have no means of borrowing to meet additional costs or of passing the costs on to the consumers. They must be raised through increased tuition fees. This proposal places the future existence of many separate and private schools in jeopardy.

Based upon that report, I could not accept such proposals as paying taxes on municipally-owned property or schools. I believe that such proposals will deteriorate a community's needs in recreational facilities and residential care for the aged, handicapped and disabled.

The argument is that municipal facilities such as schools, parks and services, serve a much wider area than the municipality in which they are located. The taxpayer in that one municipality ought not to have to bear the full weight of the services provided which serve a wider community. But on the other side, many of these facilities are assessed for municipal services and the users are assessed accordingly for such services. I found this in the past as the chairman of the county assessment committee in the former county of Welland.

Consideration must be given to the fact that many of these facilities are job-creating and require supplies for operational purposes that are usually purchased in that municipality. I can say this much from my experience on county council: Every time we built a home for the aged, we had a great demand to put that facility into a community because it would generate employment and business. You had the business from the pharmacist; you had the business from suppliers in that particular area for that facility.

For example, in the report, something is suggested about paying school taxes. If you live in the rural area, many of the small rural schools have been closed now. We are busing children into larger communities. You are going to suggest to them that now they will be paying taxes on that property there. I think this is unjustified. In the first place, they want to maintain their small schools and they have lost that. Now you are going to ask them, through that proposal, to pay taxes for schools in larger communities.

The uncertainty of tax reform has surfaced

in many of the discussions of proposals across the province, and is attributable to the lack of in-depth studies on the effect of the imposition that tax reforms will have on specific communities. In addition, detailed assessment figures should have been available prior to the commission hearings so that municipalities would have had an opportunity to assess them to determine if there would be, in fact, major shifts in the local taxation.

I was fortunate enough that I obtained some information from the Treasurer (Mr. McKeough) concerning the revised assessment on local municipalities. I know by going through the charts that the average assessment in the Erie riding — and that takes in the town of Fort Erie, the city of Port Colborne, and Wainfleet, which is rural — will increase eight times.

I am alarmed to see that the suggested tax base for recreational land to generate that revenue will almost break a municipality if it has to pay taxes on that land that it already owns and provides a service with, because I can see what will happen in particular areas' recreational facilities. I am talking about large areas. Some municipalities have large municipal parks and that. They will be putting a sign up here, "If anybody else wants to use me, he will have to pay," and I don't think we should be getting into that area.

But those are the areas, Mr. Chairman, that I wanted to discuss with you this morning. I think there are some areas of improvement and tax collection in the province of Ontario and areas of tax reform. I think it's a great concern to many of the members of the Legislature and municipal councils and that. I think I am not prepared to say that I endorse it completely.

I think there's a need for tax reform as it relates to assessment of equity throughout the province of Ontario. Every municipality uses the same assessment manual. We have good assessors now. They have improved their qualifications and I think they are doing a good job.

I would suggest that in this particular area, I don't think we are ready yet, under some of those proposals, for tax reform in the province of Ontario. There's no commitment from the Treasury as to what grants will be available to offset the high increase as suggested in residential property tax in the reports. Based upon that, I suppose when the minister introduces her bill next week to mothball the tax reform, stall it for another year, I think I would have to concur with that.

Perhaps I should leave my comments at that stage. But those are the comments that

I want to present to the minister this morning. We will deal with the estimates in more detail later on.

Mr. Makarchuk: Mr. Chairman, I also take some pleasure in participating in the estimates of this department, and I hope I can contribute something and also look at some of the operations of Madam Minister's department.

I certainly admire and am fully in agreement with the minister's statement about having fair, equitable, and even-handed application of the tax laws. There is no question in my mind that sometimes it doesn't quite work that way. We have had some examples.

I think for a starter, Madam Minister, what is of concern to me is the fact that your department, by and large, follows the decisions made by the federal government. In other words, the federal people will say that this corporation has a taxable income of a certain level and then you get—what is it, 32.9 per cent, the figure of the Ontario corporation tax?

Dr. Russell: The Ontario corporation tax standard rate is 12 per cent.

Mr. Makarchuk: Twelve per cent or whatever it is you take. That's your cut of what the federal government decides. I am not happy with the way the federal government operates. The federal Revenue department itself has admitted publicly something to the effect that many corporations manage to dodge taxes or avoid taxes. It seems to me that the Ontario department does not do the kind of follow-up, or shall we say double-checking, to ensure that people—particularly corporations; I am thinking more of the multinational corporations—do not evade taxation in Ontario.

In my discussions with quite a few people who are involved in business or work for multinational corporations—and I somehow manage to travel in various circles of our society, even as a socialist, Madam Minister—you find indications. They will tell you very strongly, and these are Canadian people who work for them, that they themselves, even though they work for multinationals, feel we are being taken to the cleaners by the multinational corporations.

They argue about things such as charges against the Canadian corporations for management fees; they question the royalties they question the amount we pay for components that come in from a parent corporation in another country, the United States or some other country. In many cases what appears to be coming through is that the Canadian operation, by and large, is handled for

tax purposes as an adjunct to the parent corporation, and whether it is profitable or not, the level of profit in Canada is not considered in the same way as you ordinarily would with a Canadian corporation. They look at it in terms of how it will affect their tax payments and tax levels in their parent corporation and so on. They juggle funds back and forth across the border for their own advantage.

I do not think your ministry really does that kind of checking to ensure that we try to eliminate this practice. I admit it is a difficult process. Sometimes it will require the expertise and knowledge to really know what is a legitimate expense or what is legitimate revenue in Canada as opposed to someplace else. At the same time, I feel that if your ministry put on more pressure and was serious about this thing and stopped depending on the federal people—because my feeling is that in Ottawa we have a bunch of incompetents, not only in Revenue but in a lot of other areas. Perhaps ideologically you will agree with me this time. But that doesn't excuse you from participating in making sure that everybody pays the taxes he owes.

[11:00]

I would like to read into the record a recent editorial in the Star. I am sure you are probably aware of this. It says:

"The Ontario government is running into the red at the rate of \$1 billion a year and the Treasurer, Darcy McKeough, is demanding drastic economies in other departments and in grants to municipalities. Economies are certainly necessary if government is to reach its goal of a balanced budget by 1981. But their severity on social programs might be eased if more attentions were paid to the revenue side of public accounts.

"Revenues are falling below anticipated levels because of slow economic growth and this shortfall is unavoidable. The last thing we need now are tax increases, for there is reason to doubt that the government is collecting all the money it should be with present rates. Earlier this year, Jacques Parizeau, Quebec's finance minister, said his province was unable to collect \$132 million in due taxes last year because of lack of staff in the revenue department.

"According to Graeme Jones of the tax department of Thorne Riddell and Company, the major firm of chartered accountants, there's probably substantial"—notice this—"leakage in Ontario also. There's a lack of trained field audit staff, he says. 'The number of times our business clients are examined by field audit officers is not sufficient to police the tax system.'

"Ontario has already lost \$35 million in revenues this year because an election was called before budgeted tax increases were passed by the Legislature. Now reinstated, these include increases in the tobacco tax and a five-cent tax on pop cans—items for which there are many thousands of retailers, and naturally that hasn't come back.

"Here we have expert testimony that the Ontario Revenue department isn't well enough staffed to ensure that these taxes, as well as regular sales tax and other revenues, are fully collected. Is Revenue Minister Margaret Scrivener aware of this? If she isn't, she should be, and she should be moving to guarantee that her department is capable of collecting the taxes due to make Ontario's financial bind less tight."

I think the expressions here are quite valid. The statement by that particular accountant will confirm some of the discussions that other accountants will give you, that there is leakage in the tax department and obviously you're not collecting all the tax. I admit to the minister that it's not possible to be 100 per cent sure, but I think there are many good examples that some tightening up on this will be very useful. That way, Madam Minister, you will be fair and equitable, because the average taxpayer, the man who gets his wages through the payroll, pays his share of taxes.

One of the big arguments we have about the whole tax system is the fact we're not asking other people to pay more, but we're asking other people to pay their fair share of taxes, and I don't think they do it. If you look at the total assets of major corporations, if you look at the earnings, the revenue, et cetera, you find that the percentage of taxes that they pay is much lower than what smaller corporations or other enterprises pay.

The other fact of the idea of taxation, of course, is the redistribution of income in our society, that you use taxes as one of the tools that is available to a government to ensure that there is some equitable sharing of the national pie. Again if you look at the results in our society right now, you'll find, in the first place, that there really haven't been any changes in the distribution of income in our society. The only change that you really find is that the people at the bottom, say the 20 per cent at the bottom who used to get 4.5 per cent, are now getting something less than that, and the people at the top are getting slightly more than they did before.

Again this is an indication of the kind of inequity that there is in the tax system. Once

again, Madam Minister, you know and I'm sure a lot of other people know, that there are too many loopholes, too many people take advantage of the loopholes. I think this is an unfair situation. It's particularly unfair to those people who cannot take advantage of, shall we say, the loopholes that are granted to a lot of other people.

The other example again on the redistribution of income was your GAINS bill last night, Madam Minister. There's a good example, and John Diefenbaker coined the phrase, of the hyphenated Canadian. What you have done by passing that legislation is you've made a hyphenated pensioner, because despite the fact that the person may be a Canadian citizen with all the rights supposedly inherent in being a Canadian citizen, what in effect you've done is to say, "You are a Canadian citizen, but for pension purposes you are going to be something less than a Canadian citizen." That's why I call him the hyphenated pensioner.

There is a feeling about the land that if we cut back on the distribution of income, of payments to pensioners and to other citizens—this is the common mythology these days—somehow the government will be spending less money, and consequently somehow the money will go someplace else and jobs will be created. Look at the record and get your economists to look at the record. I realize that in a lot of these cases it is not a matter of your making; rather, as the critic from the Liberal Party said, "Darcy calls the tune and you play the fiddle." However, how you fiddle is relevant to the kind of tune we get out of it.

But, again, the arguments are that we should not spend money on social welfare or social programs. If you look at the history of the United States or Canada, or for that matter, any country in Europe, you will find that at times when we had major economic growth and development and full employment, or close to full employment, they were also the times we spent a lot of money on social projects. To blindly assert or buy the mythology that we will cut social spending, and this is somehow going to increase jobs, is a lot of nonsense. I mentioned this to the Treasurer. What, in effect, you people are doing and the rhetoric that you are using these days is the rhetoric of the 1930s; the "10 lost years." In fact, you are becoming the architects of the next 10 years; 10 lost years, if you persist in that kind of a policy.

There should not be wastage; you should not allow people to rip off the system; and that goes right down the line. It's not just the people at the bottom, although it seems

to be these are the people that we get at. Look at doctors, politicians, lawyers and real estate people and everybody else. Whenever there is an opportunity, anybody will rip off the system.

But when you talk about equity, there has to be equity in a lot of areas. Let us not extend the equity to the people at the top and not at the bottom.

The GAINS legislaion is a prime example. It was stupid legislation on the part of the federal government. One reason is that you have to tie your bureaucracy and your level of giving to something in the federal government, and, in a sense, you were forced into that. But at the same time, I am not convinced in my mind that just because the federal government makes a stupid mistake or brings in stupid legislation, that you should jump up and say, "Yes, we will go along with you".

Another matter—and I have touched on this before—is to use the tax system to try to shape your economy, to assert some type of national sovereignty, and to assert well-being in the country and to ensure that jobs are available, et cetera. I would like to read into the record—and this is going to take a little bit of time, Madam Minister—the fact that most of our major corporations are actually foreign-owned. A proper tax system, if it was in effect—and it would be the kind of tax system that I would be interested in seeing developed in this country—would ensure that there is some type of leakage or some move toward the possession of corporations, the possession of industry by the nationals of this country. The people of Canada would have some type of ownership. From that flows the ability to decide our economic future and the ability to say, "This is what we are going to do and this is how we are going to operate."

Let me read you the names of the corporations and point out to you where their ownerships are. I am taking an arbitrary ruling here: I will just read those whose ownership is over 60 per cent foreign-owned. We will start with General Motors of Canada which is 100 per cent owned by General Motors of Detroit; Ford Motor Company is 88.1 per cent owned by Ford of Detroit; Imperial Oil is 69.6 per cent owned by Exxon; Chrysler Corporation is 100 per cent owned by Chrysler of Detroit; Shell Canada is 71 per cent owned by Royal Dutch Shell; Gulf Oil is 68.3 per cent owned by Gulf Oil Corporation; Texaco Canada is 68.2 per cent owned by Texaco, New York; Canadian General Electric is 91.9 per cent owned by General Electric, New York; IBM is 100 per cent owned by IBM, U.S.A.

Canadian International Paper Company, 100 per cent owned by International Paper Company, New York; International Harvester, 100 per cent owned by International Harvester, Chicago; CIL, 73.4 per cent Imperial Chemical Industries, London, England; Bechtel Corporation, 100 per cent Bechtel, United States; BP Canada, 65.5 per cent British Petroleum; Anglo Canadian Telephone Company, 86.4 per cent General Telephone Electronics, New York; Maple Leaf Mills, 72.9 per cent Norin Corporation, Miami; Rothmans, 85.5 per cent Rupert Foundation, Luxembourg; Ensite Limited, 100 per cent Ford Motor Company, Detroit.

Swift Canadian, 100 per cent Swift Company of Chicago; DuPont of Canada, 74.9 per cent DuPont of Wilmington, Delaware; Westinghouse Canada, 93.3 per cent Westinghouse Electric, Pittsburgh; Reed Paper Company, 86 per cent Reed International, London; Sun Oil Company, 100 per cent Sun Company, Pennsylvania; Crown Zellerbach, 88 per cent Crown Zellerbach, San Francisco; Union Carbide, 75 per cent Union Carbide, New York; Kraft Limited, 100 per cent Kraft, United States.

Ultramar Canada Limited, 100 per cent Ultramar, London; Goodyear Tire, 88.8 per cent Goodyear Tire, Akron, Ohio; Dow Chemical, Midland, Michigan; Procter and Gamble, 100 per cent Procter and Gamble, Cincinnati; General Foods, 100 per cent General Foods, White Plains, New York; Weldwood of Canada, 73.6 per cent by Champion International, New York; Continental Group, 100 per cent Continental Group, New York; and Standard Brands, 100 per cent Standard Brands, New York.

American Motors, White Motor Corporation, Unilever, United Aircraft, Johns-Manville, American Can, all of whom have their counterparts in Canada, are 100 per cent owned by American corporations. ITT Canada is 100 per cent owned by International Telephone and Telegraph, New York; Rockwell, again, 100 per cent American owned; Firestone, 100 per cent American owned; Robin Hood Foods, 100 per cent International Foods, Minneapolis; and Consolidated Foods, 100 per cent Consolidated Foods, Chicago. Uniroyal is 100 per cent American-owned. Kodak Canada is 100 per cent owned by Eastman.

The list goes on. I could continue. But the indication here is that there are two things that this should bring to your mind.

In the first place, there is a degree of control over our economy by foreign-owned corporations. And the other point is that it denies Canadians an opportunity to invest

in corporations that operate in Canada; organizations that have a major industrial development in this country. If we wanted to invest in the Canadian portion of that company, we can't do it because the stocks and the shares are not available. You can buy into the parent company, but if you wanted to invest in the Canadian operations alone, you can't do it.

A proper tax policy should try somehow or other to ensure that that kind of investment is available to Canadians. I will give you an example of some of the inequities that exist. I have a news bulletin from Pitfield, Mackay, Ross. You see them on television every so often. It gives you some indication of what you should and shouldn't buy. One of the paragraphs, I think, is important. This again refers to the inequity of the situation. It says:

"For investors in the lower bracket, the increase in after-tax income would be even greater." Earlier it gives an example of what you can invest and, with the new tax legislation, et cetera, what you should do. "Indeed, it is possible for an individual without other sources of income to receive in excess of \$20,000 a year in dividends while paying no tax at all."

[11:15]

That's not equity; that's rip-off, that's loopholes. When these people do not pay their share of taxes then somebody else has to pick it up. The unfortunate situation is that the people who are picking it up are the middle class in our society. You can't get anything out of the lower-income earners for the simple reason that they haven't got any more to give. The people at the top have the loopholes, so what happens is the great group in the middle is carrying the load. That's what your tax system and the federal tax system are doing at this time.

There's another matter of economic rent. There's a great deal of concern whether we are really charging enough in terms of the mining companies, the exploiters of our resources—whether we really are getting our fair share. I think the evidence will start coming out, perhaps in the discussions with Inco. Some of the assessments of that company will be raised, and those of some of the other companies. You'll see that the returns on their mining investments are quite high and because of the exemptions—particularly exemptions under the Assessment Act, et cetera—we are not getting the economic rent that is due to the people of this province.

I think it's time we were candid about

market value assessment. There is no way your leader or the Treasurer is going to bring in market value assessment before the next election. Let's stop playing games. They know and you know that an introduction of market value assessment will alienate all sorts of people around the province. You are not going to do it for the simple reason that you also have to fight another election and you don't want a lot of people running out there who are mad at you. You've had your fingers burned on regional government and the whole question of market value assessment is hanging up in the air. What bothers me about it is—

Mr. Haggerty: You're a strong supporter of regional government. You're all for it.

Mr. Walker: Do you support market value now?

Mr. Makarchuk: Yes, I do, as a matter of fact, but not as organized right now.

What we should do is stop playing games and stop putting this bill off for another year and another year. Next year you're going to sniff the political winds and if they aren't blowing in the right way then there's going to be another delay.

Despite that, I think we have to look at some of the things that are proposed in market value assessment. I think you, Madam Minister and the Treasurer have received representations from various groups and institutions in our society. Referring to the Board of Education brief that was presented, I'm sure, to your ministry as well as to the Treasurer, it points out that the way market value assessment is organized right now, the people with the lower incomes living in the less affluent areas of the city are going to end up paying more taxation. The increase could go about 60 per cent, and in some cases it could even go up to 200 per cent. Increases go at 43 per cent, 19.8 per cent, 85.1 per cent.

Incidentally, the big increases are on older residential areas—the areas where people have lower incomes. The consequence of this was pointed out by the representatives from the board: it is that you will in effect be destroying neighbourhoods. The people will find that they cannot afford to live in those areas, and in effect you'll be vandalizing a city. Here is a viable, reasonable neighbourhood and because of the market value assessment policy you're going to be destroying that.

In the first place, I think we have to go to some type of new assessment and market value assessment seems fair. But at the same time, there has to be a very good examina-

tion of the whole property tax system. There has to be some equity brought into this, in keeping with what you have said in your statement.

Another point I wish to touch on is my favourite bank, the Province of Ontario Savings Office. Personally I think, Madam Minister, that you have a very good organization. I wish you weren't so blessed with ideological hangups and you expanded this organization. I wish you would increase the number of branches and that you develop their powers. This is not something new. I have suggested this before in the House.

But I think that it is the only institution right now available in Ontario which provides some element of competition to the chartered banks. I can keep my money with the Province of Ontario Savings Bank and I will have a better rate of interest than what I would get in a chartered bank. I will also have chequing privileges and so on. I certainly can't borrow money and I suppose when I get to that situation I'll have to go someplace else.

But I think that perhaps you should approach the federal government. I understand that you are limited to what the Savings Bank can do because of federal legislation. But I think you should move in the direction that Manitoba, British Columbia and Saskatchewan have moved in terms of making this an institution that will provide that kind of competition for the chartered banks. If there ever were a group of institutions in our society that are ripping off the public it is the financial institutions.

There is no competition between those financial institutions right now. Just recently they have done a little bit—they have lowered interest rates and they have offered you free homes if you open accounts, et cetera—but there is no competition between banks. There is no competition between trust companies. For the average fellow in the market—it doesn't matter whether he is a home buyer, or a small businessman or anything like that—there is nowhere he can go to ensure that he will get a lower rate.

This is reflected in terms of the whole strategy of economic growth, of jobs and everything else. The only way you are going to do it is you will have to get involved in it publicly—as a public enterprise. Don't get hung up about public enterprises. As a public enterprise, perhaps we will provide that kind of competition to the chartered banks and that will smarten them up and it will make them lower their interest rates.

If you look at their profits, you look at their statements, despite the setbacks, des-

pite the slow growth in the economy they have been doing extremely well, over and over again. Every year there has been no drop of profits for those institutions. The reason they can get away with it, of course, is because there is no countervailing economic force in our society, and your Savings Bank is one place where you should make a very serious effort.

This has been raised over and over again. It has been discussed. Of course you've got your ideological hangups about public enterprise. I suggest you shed them or bend them a little bit. We believe in mixed economies. I am sure you believe in the mixed economy. I certainly do believe in the mixed economy. I think we have to realize that there is room for both public and private enterprises.

If private enterprise is screwing the public, as it is in the financial institutions, you should not sit back and just accept it meekly and mildly and say "we've got this ideological bent" or something. You should do something about it. This is one way of doing it, in terms of the benefits to the public.

Finally there is our little friendly speculation tax situation. I was not, certainly, happy with the situation with Ronto. I still am not happy. The public accounts committee has taken a stand on it. It will be coming to the Legislature, and we will be debating that. There are others like Lynden Hill Farms about which I am still wondering what you are going to do—are you still negotiating with them or not? These are specific items and we will try raising them in the specific parts of the estimates.

I would like to conclude on the bulletins that you are putting out. I am happy to see they are coming out and I have been examining them in some depth. But I think you should be working in the same manner as the Securities Exchange Commission. What they do is put out regular reports on stock options, on purchases, on transfers et cetera. I think the people of Ontario should be entitled to something similar from the Ministry of Revenue.

When you make a decision or a ruling on a purchase, I think this should be published and sent out to all the people concerned. I admit you have gone part way, that you are prepared now to give rulings on prospective transactions. But I think it would be a great help to the commercial world, and I don't think you will be revealing secrets or anything like that, if you indicated the rulings that your department has made in various transactions, also these should be made available to the members of the securities exchange commission and to all those other people—

accounting firms and lawyers et cetera, who are involved in these transactions.

I think you should move in that direction. You'll be able to go out of this ministry—when and if you do go out, and we assume everybody moves sometimes—with a feather in your hat. You could say you did move in this direction, and people will say "Madam Minister has done a great thing." Every month or every week they'll be reminded, when they receive the bulletin and all these rulings, and will take it as an indication that it is a modern, progressive ministry that really is concerned about keeping the public informed as to how we act and what we're doing.

Hon. Mrs. Scrivener: I want to thank the two opposition critics for their comments, and their helpful suggestions. I've made notes and I'm impressed with how well they are prepared.

I think at this point I'd like to introduce my deputy minister Dr. Terry Russell. Beside him is Mr. Purdon, then Mr. Yurchuk, Mrs. Griffin and Mr. Dickson. They will be related to you as we move into the estimates in terms of their respective responsibilities.

I think Dr. Russell has a comment to make concerning some figures that Mr. Haggerty raised. If he will just comment on these for a moment.

Dr. Russell: Mr. Chairman, I was a bit alarmed when Mr. Haggerty referred to a \$30-million increase in our estimates. We were rather proud of the fact that, as we thought, we were running at a constant budget level and we have been essentially for about three years.

On looking at the tables in front of me, I think what should be pointed out there is that included in the \$201 million or \$204 million which are included in this year's estimates, are the out-payments—\$120 million or so—of out-payments in GAINS pensions or supplements to the elderly. That would significantly reduce the total cost of running the ministry to something in the order of \$83 million, of which an even smaller fraction is associated with the administration of taxes. So the actual cost of running the tax system is in the order of about \$24 million, which is considerably less than the total amount you cited.

There is another point I might make on Mr. Haggerty's suggestion that the administration of retail sales tax could be greatly simplified and costs reduced by moving the location of collection from the retail level to the manufacturer's level. I think one would agree with that entirely. We would be very

pleased to do that except, of course, there's a very severe constitutional restriction on our ability to tax at that level. Generally speaking, it would be deemed, I think, that if we attempted to move the tax to that level, it would be classified as an indirect tax, which generally speaking is barred from the provinces.

Mr. Haggerty: Did I hear you say "constitutional"?

Dr. Russell: Yes, under the British North America Act the provinces are restricted to what is deemed direct taxation.

Mr. Haggerty: But you do have an agreement with the federal government that applies to income tax—provincial income tax.

Dr. Russell: That is deemed to be direct tax.

Mr. Haggerty: Why can it not be worked the same way then? You're talking about a constitutional area that you feel the province has no right to go into, yet you have an agreement with the federal government now that relates to personal income tax—it's done at that level. It could be collected through the federal government without having two systems of—

Dr. Russell: We have a collection agreement with the federal government in personal income tax exactly as you said. Because the personal income tax is legally within our constitutional scope, therefore we have been able to make an agreement with the federal government to run it in a generally effective way and to the benefit I think of most people. I doubt whether the federal government would entertain collecting a tax for us at the manufacturer's level because they would rely on our statutory authority and we would not be able to provide that underpinning and assurance.

[11:30]

Mr. Haggerty: Have you approached the federal government on this area?

Dr. Russell: No, we have not.

Mr. Haggerty: If you have to stand in the supermarket while going through the check-out counter and have to have a girl tabulating the tax on it, it's time wasted. It's time-consuming and there is no doubt it adds additional cost to that business to obtain all that information, collect all the taxes and turn them back to the Ministry of Revenue. All I am suggesting is that there is a better way of collecting it, that is, at the manufacturing level because much of that goes through the manufacturer to the wholesaler. There is no reason why it can't be tagged right there.

Dr. Russell: One would find it an attractive idea. I just raise the point that it would be legally difficult for us to move that way. I might just say, as another point of interest in this area, the federal government is very interested and has declared its interest in moving its manufacturer's tax further down towards the retail level. There was a green paper published the last year or so in which they raised the whole question whether they should move their tax to the wholesale level and away from the manufacturer's level. There are various reasons for this, partly to do with the taxation of foreign enterprises and so on.

Mr. Haggerty: I have received a number of complaints from the small store operator and the small businessman that he and his staff spend much of their time going through the taxes that are collected that day, the forms that have to be filed and everything else. Then there's a penalty clause too if they don't get it in on time or something like that. It almost drives them up the wall. You talk about red tape, but look at what you are saddling these tax collectors with.

Mr. Chairman: Perhaps we could take these votes item by item. In vote 1001, there are nine items. I believe the more orderly way would be to go item by item.

On vote 1001, ministry administration program; item 1, main office:

Mr. Makarchuk: On the main office I notice the deputy minister said it costs \$24 million in salaries to collect taxes. Is that a correct figure in the statement you just made a few minutes ago?

Dr. Russell: Yes, but it is not altogether salaries. It's all costs.

Mr. Makarchuk: All costs come to \$24 million. You collect something like \$4.2 billion for that amount. Have you ever done a cost analysis—I imagine you have—in terms of what it costs you? Have you ever compared your operation to an insurance company or something else?

I am defending your department. The common mythology is that you have got a bunch of civil servants up there who are sitting on their backsides bending paper clips and certainly not doing what they are supposed to be doing. At least this is the common mythology.

I think you should look at the figures, and other ministries should look at this thing and try to be a little bit more assertive and defensive about what the hell is being said about you. If you find an insurance company or a major corporation that deals in \$4.

billion; you will find they have a hell of a lot more people sitting around doing very similar jobs or the same things that you have in your department. I would like to hear your comments on that.

Hon. Mrs. Scrivener: I have to say that Mr. Makarchuk has issued a challenge that will be gladly taken up by our deputy since he's a man who is very high on productivity.

Mr. Makarchuk: The basic argument in comparison to, say, a private enterprise firm is that there is no such thing. I don't agree with the assumption you have people who are doing nothing.

The other point I have raised in my opening remarks is the statement by the accountant that there is leakage, that taxes are not collected. Are you in agreement with that?

Mr. Chairman: Dr. Russell would like to make a comment with respect to productivity.

Dr. Russell: Just to take them in sequence as one at a time would be easier, you asked the question, have we compared ourselves with an insurance company or any other large-scale clerical factory. The simple answer to that is no. We have never gone into that in that sense. On the other hand, of course, we do have access to much of the same technology they would use in such an operation, including the computerization, user systems, productivity analysis, and so on. We do use all of these techniques and systems very extensively in the ministry.

Perhaps one way to describe it is that our total staff complement has been constant for a number of years. In fact, it is somewhat down over what it was a few years ago. This has largely occurred because we have been able progressively, in a steady series of steps, to introduce quite a wide range of productivity improving systems, just as they exist in the private sector.

So our overall productivity has, I think, increased quite significantly. Although we can't answer that question directly, I think we would compare rather well with a similar clerical operation or company outside.

Mr. Makarchuk: Would you want to touch, then, on the matter of leakage? Because of inadequate staff, people are managing to get away with not paying taxes. What do we do about this statement made by the accountant, the one in the Star, and the statements made by other accountants, although not publicly? They are rather reluctant to make these kinds of statements publicly, but privately they will have a little discussion, and say, "Yes, we think

there's room for improvement." What is your feeling on that, Madam Minister?

Hon. Mrs. Scrivener: Mr. Makarchuk, every jurisdiction has wrongdoers. People, who for one reason or another are never apprehended by the police for whatever law it is that they break. Inasmuch as that is true, and is a very simple truth, I suppose it applies in terms of tax leakage. I think that editorial was written in a vacuum and I deny it.

Mr. Makarchuk: You feel, in your opinion anyway, that you don't have evasion to that great an extent?

Hon. Mrs. Scrivener: I consider that we have a very efficient taxing system.

Mr. Makarchuk: Madam Minister, you probably have an efficient taxing system, but I would be reluctant to buy holus bolus your statement that there is no leakage. You know, evading taxes, as the common saying goes, is not a science, it's an art and accountants practise the art very assiduously to ensure that their clients can evade as much taxation as possible. To a point it's legal, but somehow I think with an examination something can be done about it.

That brings me again to my opening statement. How do you deal with multi-national corporations? Do you really go out to their offices sometimes to make spot checks of the expenses they have charged, the depreciation, the various management fees, royalties, and all these other things they have to claim? It is so convenient for them to use these, because they can get away with it and the Canadian corporation cannot get away with it.

What are you doing, Madam Minister, to ensure that you terminate this practice—bring it to a close, or at least to make it more difficult for them to get away with what they are getting away with?

Hon. Mrs. Scrivener: I am sorry, Mr. Makarchuk. You are making a lot of assumptions about which you can have no knowledge, nor can the writer of that editorial. I just think this kind of discussion is not appropriate at this time.

Mr. Makarchuk: The matter referred to in the editorial is a matter which is general. The writer is making a general statement that taxes which are due are not collected. What I am interested in in this particular case is the multi-national corporation, the Canadian branch plant that is operating in Ontario, that is evading taxes because of various dodges or gimmicks.

It is not necessarily foreign corporations. I think recently in the Globe and Mail there

was an article about Dominion Bridge, which set up a Bahamas corporation from which they bought steel. The steel, of course, came from Hamilton and didn't go to the Bahamas at all. But that was the bookkeeping transaction. In this case the federal Revenue department certainly disallowed it, and I think they had to pay the tax.

But this is an example of a Canadian corporation and some of the means they do use. I think if you read "The Canadian Establishment," Peter Newman's book, he talks about Irving. Although this is not in Ontario, they buy from a company in the Bahamas and the Canadian corporation is always losing money but the people in the Bahamas are doing quite well, thank you.

Mr. Haggerty: This practice was carried out by shipping firms with foreign registered vessels.

Mr. Makarchuk: It goes on in a lot of cases. I am concerned specifically and I would like an answer, some indication right now. Do you do any kind of follow-up in the matter of the multinational that uses various gimmicks, royalties, management fees, artificial costing or artificial prices on components brought in, to evade taxes in Canada?

Hon. Mrs. Scrivener: Mr. Makarchuk, you are opening up a very broad discussion on what is tax evasion, as against tax avoidance. You are getting into the depths of tax consultation and I don't know if it's just the most appropriate subject in terms of our estimates. It's a philosophical discussion you are opening up, a rather deeply philosophical discussion.

Mr. Haggerty: If there are infractions is your ministry aware of them? They can circumvent certain rules and regulations.

Mr. Chairman: If I may make a suggestion. Perhaps it may be more appropriate to raise this, Mr. Makarchuk, on the next vote, 1002, the administration of tax programs if you wanted to pursue it.

Mr. Makarchuk: I suppose it depends on how lenient or how rigid you want to be, Mr. Chairman. It's a matter of administration really. It could be a program, it could be specific programs and in this case it is general administration that deals with the main office. The minister is part of the main office and that is why I am on it here. So far, I still haven't received any kind of an answer.

Do you deny this happens? Do you deny this goes on, Madam Minister, or are you saying we haven't got the expertise? Are you saying we are not prepared to do anything in this area, we will just let things be as they

are? What are your feelings and what are your inclinations on this subject?

Hon. Mrs. Scrivener: Right at the moment, Mr. Chairman, we seem to be opening up the whole discussion on corporation tax and that's several votes on. If you wish to get into vote 1002, then fine. I am willing to move down to that one. But it requires a different set of staff and so on. Could we not just deal with the votes as they come in the ordinary way, so I could send this staff off and get on to the next group when the vote comes up?

Mr. Chairman: Your remarks, Mr. Makarchuk, do pertain to corporations and multinationals and their operations in this country which would really come under the next vote, corporations tax and other taxes. Would you care to raise it at that time?

Mr. Makarchuk: I have no hangups under which vote we raise it as long as we raise it, Mr. Chairman. The minister again asserts there is no leakage.

Hon. Mrs. Scrivener: No, I didn't say that.

Mr. Makarchuk: There is leakage then?

Hon. Mrs. Scrivener: I am not saying that either.

Mr. Makarchuk: What are you saying, Madam Minister?

Hon. Mrs. Scrivener: I just said I denied the way that editorial presented the subject and I suspect the editorial was written without any consultation with anyone in our ministry.

Mr. Makarchuk: I should hope so.

Hon. Mrs. Scrivener: And it isn't the kind of thing we would release as public information. It is highly confidential information.

Mr. Makarchuk: I think it is my business to know, Madam Minister. Is there leakage or isn't there leakage, in the tax system?

Hon. Mrs. Scrivener: I have no comment to make.

Mr. Makarchuk: You are the responsible minister and as a member, we are asking a question here whether there is leakage; in other words, whether people are evading taxes for various reasons. Perhaps they have discovered loopholes of which you are unaware or they may be evading taxes, as asserted in the editorial, because you do not have the staff to police it properly. But I think we are entitled to know what exactly are your feelings. What is your opinion on this matter?

[11:45]

Hon. Mrs. Scrivener: I did indicate that there is wrongdoing in every jurisdiction.

There are always wrongdoers who are never apprehended by the police. There's a story in this morning's paper about a particular small business which was broken into on four different occasions. There is always wrongdoing. Where we know there is wrongdoing, naturally we apprehend it and stop it and, in certain cases, lay charges. You are suggesting, I suppose, that we have to run some kind of special watchdogging service. Actually, we are collecting taxes, and the great majority of the people in the province of Ontario are law-abiding citizens, who do comply with the tax law.

Mr. Makarchuk: We're not questioning that, Madam Minister.

Hon. Mrs. Scrivener: You are indeed.

Mr. Makarchuk: As to how law-abiding the majority of Ontario citizens are, I don't think we have to assert that. We can also assert that motherhood is good, and fatherhood isn't so bad either. What I'm concerned about is that there's a statement made, an assertion. If you discuss it with other accountants you find they feel there is leakage. What I'm asking you is if you agree that there is leakage. In other words, that people are evading taxation. If you agree to that, then let's have an idea of how much are they evading.

We may say that to really police it or to ensure that nobody gets away you're going to end up with a Draconian bureaucracy, or something of that nature, and the cost benefits are not worth it.

On the other hand, I think I have a right to know. You must have some estimation, or you should have, as to what is going on. Are there really people who are getting away? Are they getting away with a lot? Or are they not?

Hon. Mrs. Scrivener: I think these are very general questions and—

Mr. Makarchuk: That's why they should be easy to answer.

Hon. Mrs. Scrivener: —it's very difficult to give you any reasonable reply, Mr. Makarchuk.

Mr. Makarchuk: Can you just say that, you are in agreement there is leakage?

Hon. Mrs. Scrivener: No, I won't say that.

Mr. Makarchuk: You say there is no leakage from the tax department?

Hon. Mrs. Scrivener: It's simply because a discussion of leakage as you propose it really comes under the notion of confidentiality. To discuss leakage as you are suggesting really comes under a security section of my ministry.

Mr. Makarchuk: If I read you right,

Madam Minister, what you're saying is that when there is leakage we can't admit to it because it's confidential, because it may be embarrassing.

Hon. Mrs. Scrivener: It's not in the public interest to discuss it.

Mr. Makarchuk: The fact that you're not collecting taxes due to the province of Ontario is not in the public interest to discuss?

Hon. Mrs. Scrivener: That's a fact.

Mr. Makarchuk: I question your whole inclination on this thing. I can't see, Mr. Chairman, how we can really discuss the estimates of the department. The idea of discussing estimates is that you ask the minister questions on certain matters. Basically the first question, if I may be very simple about it, is: Does the minister believe there is leakage in terms of taxation? I can elaborate on the meaning of leakage but basically what I'm trying to ask is are people getting away without having to pay taxes because your department does not supervise various transactions, or various transactions go unnoticed? Or is there leakage because there are certain loopholes, or something of this nature? That's the first question and I would like some answers to that.

Mr. Sterling: Mr. Chairman, perhaps we could clarify the question. Tax avoidance and tax evasion mean different things to me. Tax evasion—

Mr. Makarchuk: That's leakage.

Mr. Sterling: —is illegal. It is done under the table and is outside the terms of our tax laws. Therefore, the illegality would be discovered by an investigator or by someone who came to the government and reported to them. Tax avoidance is a legal method of getting around any tax laws.

Is there any way you have of measuring how much evasion or avoidance is going on? I don't know even how you would measure evasion because evasion is an illegal thing and people don't talk about it.

Hon. Mrs. Scrivener: Tax evasion is impossible to measure, inasmuch as when we discover it naturally we take steps to correct it. But to measure it is, I suppose, as nebulous an act as to measure the amount of wrongdoing in society in general. How do you measure it?

Mr. Makarchuk: Why is it that Jacques Parizeau in Quebec can say that there has been about \$132 million?

Hon. Mr. Scrivener: He is talking about his income tax collections, I believe, because the province of Quebec administers its own personal income tax collection.

Mr. Makarchuk: All right, fine. He also administers various other taxes. What he is saying is that—

Hon. Mrs. Scrivener: Excuse me, Mr. Makarchuk, let me just correct something. The deputy tells me that Mr. Parizeau's statement referred to income tax which had been assessed but not collected. So that is a big difference.

Mr. Makarchuk: The way I read this paragraph, it refers to \$132 million in taxes due last year because of lack of staff in the revenue department. It may be income tax, but I would think the import of that statement is that it would mean taxes generally that are collected by the province.

What we are trying to find out is if there is leakage. This man asserts there is leakage in the province of Quebec and there must be leakage in the province of Ontario. And the minister at this time refuses to admit whether there is or there isn't.

Hon. Mrs. Scrivener: We do not. We do not collect the personal income tax in Ontario.

Mr. Makarchuk: I realize that. I am not referring to personal income tax. I am referring to the taxes that we do collect in Ontario. Is there leakage in those taxes?

Hon. Mrs. Scrivener: When we discover the leakage, as I said—

Mr. Makarchuk: In other words, you have discovered some and there is leakage?

Hon. Mrs. Scrivener: When we discover it, we do take steps to correct it—

Mr. Makarchuk: That is fine. I should hope so. After all, what do you think we are paying you for?

Hon. Mrs. Scrivener: How could we possibly estimate what is—

Mr. Haggerty: How many infractions are there then under this heading? Would you have a list of numbers, not names of individuals or companies?

Hon. Mrs. Scrivener: No, I'm sorry.

Mr. Makarchuk: How much have you collected in cases where you have discovered that there was leakage? You have said that, "When we discover it, we collect it." How much have you collected in the year 1976?

Hon. Mrs. Scrivener: I have very few cases brought to my attention.

Mr. Makarchuk: What was the total figure in terms of dollars and cents?

Hon. Mrs. Scrivener: I haven't any idea.

Mr. Makarchuk: Can somebody say? You have all sorts of people around here; could you ask somebody? They might have an idea.

Hon. Mrs. Scrivener: I don't know how

in the world we could pull up a figure like that for you at this point, Mr. Makarchuk.

Mr. Haggerty: Why would you have \$378,000 for legal services under item 8? What does this involve?

Mr. Chairman: Excuse me. We're not item 8. We are on item 1.

Hon. Mrs. Scrivener: Couldn't we start dealing with the estimates and get down to specifics?

Mr. Chairman: We are dealing with item 1; that is a policy vote and we are discussing main office matters at the moment.

Hon. Mrs. Scrivener: All right.

Mr. Chairman: Shall item 1 carry?

Mr. Makarchuk: Not yet. I haven't received any answers on item 1 and I still want to know—

Mr. Haggerty: You can pick them up on vote 1002, though, too. I think the minister did say she had expert staff in that area who perhaps would like to discuss it. We can get into it in that area.

Mr. Makarchuk: Okay. Let's carry items 1, 2 and 3 and go into personnel services in items 4 and 5. Then perhaps we can specifically zero in on it.

Mr. Haggerty: I have questions on items 5 and 8.

Item 1 agreed to.

Item 2 agreed to.

On item 3, supply and office services:

Mr. Makarchuk: I have one little item on supply and office services. I have received information to the effect that the office in Brantford, which used to be a bowling alley and is now the assessment office, was purchased and resold and re-leased for some very good prices. I wonder if the minister would table details of that particular transaction, which took place a few years back. The implication is that some people made a killing on the deal, and it was your department that was involved in this thing. This is a request that perhaps somewhere in the estimates you would have an idea of what—

Hon. Mrs. Scrivener: Mr. Chairman, office space of that nature is a responsibility of the Ministry of Government Services.

Mr. Makarchuk: Okay. I will agree with you there.

Hon. Mrs. Scrivener: I doubt we would have this information.

Mr. Makarchuk: They would have it, right? Okay.

Item 3 agreed to.

Hon. Mrs. Scrivener: May I introduce Mrs.

Griffin, who is the first woman director we have appointed in the Ministry of Revenue? I would like Mrs. Griffin to give the members a little outline of our affirmative action program. Perhaps you'd let her discuss items 4 and 5 together.

Mr. Chairman: Is it agreeable to the committee that items 4 and 5 be discussed jointly?

Agreed.

On item 4, personnel services, and item 5, training and development:

Mrs. Griffin: With respect to the training and development program in the ministry, there are two basic components to the program. The first component involves the development of in-house training programs which are specifically geared to ministry needs. The second aspect of the program is the administration of the government's equal opportunity program.

To give you some indication of the type of in-house training programs which we run in the ministry, I'd like to mention the following: The first is employee performance appraisal workshop, which is designed primarily for supervisors and managers to acquaint them with the techniques required for a more effective appraisal of work performance. Then there is the selection-interview workshop, where we provide instruction on techniques to be used in selection interviews and the selection of staff for various promotional opportunities.

We have run a workshop concerning troubled employees to inform supervisors on the application of the government's alcoholism program and the ministry's related counselling service. Our pre-retirement counselling program offers employees who are close to retirement age detailed information on retirement benefits and related activities, such as financial planning, use of leisure time, part-time employment and continuing education.

An innovation in the ministry this year has been dealing with the public workshop, which was designed primarily as the result of a report on customer service conducted throughout government as a whole. Our aim in this particular workshop is to encourage participants to provide better customer service and is designed primarily for staff who have direct first-person contact with the public either by telephone or in person. So far this year we have conducted approximately 25 workshops with about 330 staff participating in this program.

We also run what I would consider to be job-related courses in labour relations training for our managers who are required to

administer collective agreements which are negotiated centrally by the Civil Service Commission. As those agreements are negotiated, we provide information to our managers on the provisions of the agreement and give them counselling and advice in terms of the administration of the contract.

In addition, the staff in the training and development section co-ordinates courses offered by the Civil Service Commission and outside organizations. Our long-range plans at the moment in this area include the development of a management training program to keep our managers aware of sociological trends which are affecting the attitudes of employees towards work and which may require changes in managerial style and skills.

The second facet of the training and development program relates to the government's policy on affirmative action. I would like to highlight some of the activities that we have undertaken in the ministry in the past year. We have worked individually with each branch using a management-by-results approach to identify activity commitments required to realize each branch's objectives in this area. This is related primarily to identifying women with potential and to ensuring that they get the proper training in order to advance to senior positions.

We have offered career development workshops for women in the clerical and office services categories. The purpose of these workshops was to help interested women to set goals for their own career growth. During this fiscal year, we have had three workshops with 66 women participating in these workshops. In addition, affirmative action representatives have been elected by the staff in all district offices of the ministry, thus providing a link and an information source between the program officials at head office and the district offices.

Three ministry career paths in the tax auditing, property assessing and banking fields have been identified. We will be publishing a description of each of these in the near future for the information of all employees.

[12:00]

Since March 1976, we have had a significant increase in the numbers of women in management classes in the ministry. At the end of 1976 we had 43 women identified as being in management classifications and as of October of this year, we now have 70 for an impressive, I think, improvement of a little more than 60 per cent.

Mr. Makarchuk: Was one of these the one Mr. Haggerty meant, the 20-year-old?

Mrs. Griffin: No. The 20-year-old Mr. Haggerty meant probably was in the bargaining unit. I am talking about women who are in the management classes excluded from the bargaining unit.

Dr. Russell: I think she was masquerading anyway.

Mrs. Griffin: Finally, we are considering the possibility of offering a seminar to meet the specific needs of women presently occupying senior clerical and/or professional positions. The objective of this particular course would be to provide these employees with basic managerial and supervisory skills required for advancement into senior positions.

One area in which the ministry has been commended by the women Crown employees office, which is the central agency co-ordinating the government's program as a whole, has been the introduction of a fund for employee educational development. This fund

has been in operation now for approximately two years. The purpose of the fund is to offer all employees who would not otherwise qualify for educational assistance, the opportunity to acquire skills and training, which, while they may not be specifically related to their current job, would nevertheless help them in terms of their personal career goals.

Mr. Chairman: Thank you very much, Mrs. Griffin. I think this is an appropriate place where the committee might adjourn. We will reconvene after the question period, as shortly after 3 as possible.

Mr. Makarchuk: Will Mrs. Griffin be back this afternoon so we can question her?

Mrs. Griffin: Yes, I will.

Mr. Makarchuk: I want to find out what the sociological trends about work are like these days.

The committee recessed at 12:04 p.m.

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Haggerty, R. (Erie L)
Makarchuk, M. (Brantford NDP)
Scrivener, Hon. M.; Minister of Revenue (St. David PC)
Sterling, N. W. (Carleton-Grenville PC)
Walker, G. (London South PC)

Ministry of Revenue officials taking part:
Griffin, Mrs. J., Director, Personnel Services Branch
Russell, Dr. T. M., Deputy Minister



No. G-14

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General Government Committee

Estimates, Ministry of Revenue



First Session, 31st Parliament

Wednesday, November 9, 1977

Afternoon Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

WEDNESDAY, NOVEMBER 9, 1977

The committee met at 3:20 p.m.

ESTIMATES, MINISTRY OF REVENUE

(continued)

Mr. Chairman: I call the meeting to order. When we last met, we were considering items 4 and 5 in vote 1001 jointly; and Mrs. Griffin had just completed her remarks.

On vote 1001, ministry administration program; item 4, personnel services; and item 5, training and development:

Mr. Makarchuk: Mr. Chairman, I think the staff training outline was useful. What concerned me was I didn't detect any evidence that they are training people in this ministry to be more efficient in terms of assessing, or in terms of catching the people who are involved in leakages and tax dodging and things like that. Is this your function, or is there another agency of the Revenue ministry that does these things; or do you just not do this in terms of a staff operation as far as the function of this ministry is concerned?

Mrs. Griffin: I think it is a joint responsibility perhaps, of our branch and in the operating branches. As far as technical training goes, the main responsibility for technical training does reside in the operating branches. However, through the educational assistance program we do ensure that the operating branches are aware of the types of training that are available on the outside; and we do provide assistance to employees who want to improve their qualifications, either in the tax auditing field or the property assessment field. But primarily we do so through channelling them to organizations that provide this kind of specialized training.

Mr. Makarchuk: Madam Minister, within your own ministry are there any programs for training people in terms of picking up the additional professional training which Mrs. Griffin has spoken of?

Again, I am concerned because tax avoidance and tax dodging and everything else are very sophisticated arts these days. Have you the people? Have you training programs to ensure you can overcome these things; not so much in any sense of vendetta or anything like that but just to ensure that the people who have to pay taxes according to the laws

of the province are, in fact, paying those taxes and not avoiding them?

Hon. Mrs. Scrivener: If you're referring to security, that's another vote.

Mr. Makarchuk: No, no.

Hon. Mrs. Scrivener: You are talking about a special investigative service.

Mr. Makarchuk: Well, not necessarily. Not special investigative powers, but just the ability to look at a statement and try to discern that, "Look, there's a possibility here that what these guys are trying to do is pull the wool over our eyes."

Hon. Mrs. Scrivener: You are talking about auditing.

Mr. Makarchuk: Yes, in terms of auditing, and in terms of looking at the financial operations of concerns.

Hon. Mrs. Scrivener: That's a professional service.

Mr. Haggerty: Do you call in the RCMP? They have a special service that's related to that.

Hon. Mrs. Scrivener: We never use the RCMP.

Mr. Rowsell: Mr. Makarchuk, just on that. I think what Mrs. Griffin was describing earlier, just before the lunch break and now just recently, relates to general development staff. She briefed you particularly on the affirmative action program, which has a particular type of separate objectives.

I think what you are referring to is something perhaps better described as professional training and upgrading in time, with the changes in tax practices, of the statutes, and indeed of the practices of our taxpayers.

We do a number of things in that connection. First of all, in the taxing branches generally people are either professionally trained or certainly encouraged to continue studies in accounting and the theory of taxation and the law of taxation. Secondly, we do run an extensive series of update courses or seminars, briefing sessions in the branches as they note developments, designed to bring staff up to new problems, new practices by the branches, and particularly of course, the application of our statutes and regulations as

they are variously and regularly amended and changed.

Hon. Mrs. Scrivener: I was hoping that in view of his earlier comments this morning about female assessors, Mr. Haggerty would ask some questions of Mrs. Griffin.

Mr. Haggerty: The question was, I guess, whether she could drive a nail.

I want to know: Do you purchase any management training programs, say, through institutions at all? Or is it all in-plant job training, let's put it that way?

Mrs. Griffin: The area we are concerned with is primarily in-house training. On occasion we have purchased services from the outside to acquire people with a certain type of expertise. As far as the post-secondary type of training that you refer to is concerned, that is handled through our educational assistance program, where we reimburse employees for courses they may take at community colleges or universities that are particularly related to the positions that they occupy.

Mr. Haggerty: How well is that program received, then?

Mrs. Griffin: That program is very well received. We have a very high degree of participation by employees in the educational assistance program. Each branch ensures that employees who wish to receive this additional training have the opportunity to take these courses to the limit of the resources that are made available.

Mr. Haggerty: For persons taking any specialized training in assessment, rather than just teaching them from books, is there any specialized training in on-the-job construction? How many actually have constructed or helped to build homes to find out what actually goes into a home?

Mrs. Griffin: The particular course or subject you are talking about is probably covered in the training they may get through the community colleges, which is basically the intake for our junior level of assessor, or through the Institute of Municipal Assessors.

They would have to have a certain professional accreditation before we would consider them for selection.

Mr. Haggerty: What criteria would that cover, then?

Mrs. Griffin: In terms of the property assessor? You mean the basic level? Graduation from a recognized course from the community colleges or through the IMA.

Mr. Haggerty: Trade school?

Mrs. Griffin: I am not familiar with our hiring trades people as property assessors. However, that could be considered.

Mr. Haggerty: Well, home construction; I think it is a rather important area. You can get a great amount of knowledge out of a textbook, but you don't get the fundamentals of how a home is constructed. I can recall the manual I am thinking about which wanted almost the numbers of nails that were put into a two by four, the size of the nail and the pounds of nails and things of that nature. If an assessor is putting a value on home building, then I think he should have some background in home construction along with these textbook credits.

Mrs. Griffin: The type of thing you are talking about does relate to what I was calling technical training, versus the sort of general training that we do provide. Most of the property assessors, when they begin, are subjected to a rather intensive on-the-job training program by the assessment division and are assigned to work with some of the senior assessors who have had experience. Some of the senior assessors probably did come from the construction field and are able to provide them with that kind of information.

Mr. Haggerty: You can construct a home in perhaps three different ways and still have the same cosmetic look to that home. You can reduce the cost of it, but perhaps if an assessor is not aware of it he can apply a false value to that home. I can say this much, some of the homes constructed today are nothing but—I guess years ago we used to call them shacks or cardboard buildings.

Mrs. Griffin: I am afraid I am not an expert on construction standards.

Mr. Makarchuk: What Mr. Haggerty is suggesting here is to send some of them out to a muddy construction site and provide them with—

Mr. Haggerty: That's right. Get the site valuation right there.

Mrs. Griffin: We will have to take that into consideration in our long-range plans. [3:30]

Items 4 and 5 agreed to.

On item 6, information services:

Mr. Makarchuk: I would like the minister to comment on the suggestion that the ministry send out bulletins publicizing certain rulings or decisions that the ministry has made on various matters. There might be some argument about confidentiality, but you could always use company A or company B

instead of actual names. What is the minister's opinion about that?

Hon. Mrs. Scrivener: I thought that was very interesting. I listened to it with considerable interest, and I'll certainly examine this with a view to seeing if we can adjust our information program.

Mr. Haggerty: That would be similar to what the Ontario Labour Relations Board does when it brings down a decision.

Mr. Makarchuk: I think it would be extremely useful. At least people would have a chance to refer back to them when they are involved in transactions. It might also remove some of the elements of suspicion, shall we say, that some people perhaps get breaks in transactions as opposed to other people. Since you will probably set precedents, people will probably look at the transaction, if they are involved in a transaction, and say, "If we go this route, here is what the tax will be; if we go another route, the tax may be such." At least they will have something to go by, and they can always come back to your department. It will also put them on a better footing if it comes to negotiations later with your department because, where there is a dispute, they can point to some of these things. I would strongly recommend that you follow that up.

Hon. Mrs. Scrivener: Since our ministry does deal with the public on such a broad base, we do try to give them very good and detailed service in terms of information concerning various statutes with which they may come in contact.

We have done this to some small degree, but I think you have something much broader in mind and I thought I would examine it with a view to seeing how we could adjust to accommodate. I can't tell you any more than that, because you just mentioned it this morning.

We have a book here with all our publications in it. I would like to pass this around so the committee can see the kinds of things we do to communicate with the public on a very wide basis. Most of these publications are produced in the thousands and distributed all over the province. We have really gone to great lengths to make them simple and easy to read so the information is easily understood and so forth.

Dr. Russell: There are actually two volumes.

Item 6 agreed to.

On item 7, analysis, research and planning:

Mr. Makarchuk: I am not sure how much analysis and research is done in this ministry

but, if I were somewhat involved in this, I would try to analyse the returns by comparing average returns as opposed to other returns to get an indication of whether the man is within your parameters of what he should be paying in tax.

Also in terms of social policy, have you got any research going on in your ministry in terms of redistribution of income, in terms of giving Canadian industries greater ascendancy in our society or in terms of encouraging investment in the country, or is that pretty well all done in the Treasury department?

Hon. Mrs. Scrivener: I was going to say you've got the wrong ministry.

Mr. Makarchuk: Okay. In that case what type of research do you do?

Hon. Mrs. Scrivener: I think there is a little outline in your papers. This activity is performed by the ministry's management systems branch, headed by Mr. Dickson, and by the finance and priorities planning group, headed by Mr. Purdon.

The activity is involved with assistance to ministry management in the planning, co-ordination, implementation and delivery of systems and procedures and management consulting services. Functional activities also include the co-ordination and development of ministry-wide resource planning and allocation strategies and operation, evaluation and review procedures for the deputy minister and senior managers. This is really an in-house service that we offer.

Dr. Russell: Mr. Makarchuk, perhaps a further word of explanation. As the minister said, there are two units covered under this general title. The first is the management systems branch. This branch is responsible for the development of new systems for use generally within the ministry, most particularly the application of EDP and computer systems in the tax branches. In other words, you see changes occurring in our operations, both in the content of the tax activity and the volume because we involved the management systems branch in a search for better technology, better systems and techniques which might be put into place for those branches in a support fashion.

I referred to the importance of this activity indirectly when I talked of the way we have been successful in generally holding manpower down by increasing productivity through the use of these devices. The forward planning, the testing, the design and the implementation of these new systems is conducted by Mr. Vincent's branch.

The second unit, the finance and priorities planning group, is essentially the budget core of the ministry. Mr. Purdon is responsible for watching the financial performance of the ministry—seeing that on an in-year basis our expenditures are kept within the moneys voted us and otherwise allocated by the government. Also, on a forward basis Mr. Purdon is responsible for consulting with the directors in other parts of the ministry to determine what their pressures would be in the upcoming year and what sorts of resources they may need. This way we go through a rationing process within the ministry to make sure that we come within the expenditure guidelines for the upcoming year.

Mr. Makarchuk: Are you carrying on research at this time, in the event that the government decides before the next election to come up with a program similar to the first time home buyers' program? The auditor has pointed out that it was a glorified mess. Are you researching in case you are ordered to implement another crash program of that nature, so that you would not go through that kind of a fiasco again?

Hon. Mrs. Scrivener: We are not assessing any potential new program anywhere.

Mr. Makarchuk: Wouldn't you agree, Madam Minister, and the deputy as well, that you should consider these things? Because if you passed a program—and I think this came out in discussions we had in the public accounts—if you had the staff and administered it properly, you wouldn't have the Auditor and yourself chasing all sorts of annoyed people in the province right now to get money back. Are you looking into whether—I presume this is an area where you would be involved because this is part of what the program is about—should we get an order from the Treasurer to give out some of Ontario taxpayers' money, that we will not screw it up as we did the last time? There is something about the Tories that makes them screw up whenever they give money away. This is endemic to them.

Hon. Mrs. Scrivener: Sorry, I have to take exception to your remarks as they apply to my ministry. Going to Mr. Russell and his problem—

Mr. Russel: Leaving aside the home buyers' grant—to answer the general question of anticipating programs, work load and so on—yes, of course we do a great deal of that. Indeed, this branch is responsible for that. We spend a good deal of time trying to anticipate, to forecast the growth in the volume and the complexity of our taxing operations, and from that automatically runs

the question of how we meet these increased work loads and problems.

That is exactly Mr. Dickson's responsibility. When we come up with a forward view of the sorts of problems, the sort of growth in our operations that we expect, his job is to take those specifications and to devise the methods for allowing us to handle them.

Mr. Makarchuk: Suppose you were given instructions to institute another first-time home buyers' program. Would you do it the same way or do you now have information available from your research, or whether it is, to do it differently? Or would you go ahead and do exactly what you did before? Surely you wouldn't?

Hon. Mrs. Scrivener: Every program is designed in a different way to accomplish a different thing, Mr. Makarchuk, so we are talking about rather airy-fairy conjectures, aren't we?

Mr. Makarchuk: We aren't talking airy-fairy. In this case we are talking about \$10 million that went out to people who shouldn't have received the money, according to the Auditor's estimates.

Hon. Mrs. Scrivener: That's not true; I'm sorry.

Mr. Makarchuk: You argue with the Auditor, and I will ask him about what you say is not true.

Okay. It is your decision to spend the money, or the government's decision to allocate the money to a particular program. But it is our responsibility to ensure that it is spent properly; and it is our responsibility as the minister in charge of the department to ensure that the system, or whatever it is you install, is not abused. I am asking you right now whether you are looking at some of these things, should you be charged again in the future. He may give it to somebody else mind you—to another department.

Hon. Mrs. Scrivener: I believe the deputy minister has already responded to this by pointing out that this is the branch that reviews our activities with a view to increasing productivity. As simply as that, that is their major thrust.

Mr. Makarchuk: Would you embark on another similar program in exactly the same way as you did the last one?

Hon. Mrs. Scrivener: I couldn't possibly say. I wasn't here at the time.

Mr. Makarchuk: It wasn't your responsibility; perhaps the deputy could enlighten me?

Hon. Mrs. Scrivener: I really couldn't give you an adequate response. I don't think you

would want me to insult your intelligence with such a reply.

Mr. Makarchuk: We will discuss intelligence at some other social occasion. Would the deputy answer then? It was a matter of concern that the pre-audit, post-audit, et cetera, that was involved made it appear to us in public accounts that if you had had the time to operate that program properly, and if you had not been pushed into getting that money out in time for the next election, perhaps you would have done a better job.

My concern is this. Suppose you are instructed to go ahead with a similar program, are you looking at it now to see that you are not going to make the same mistakes and waste the same money again?

Hon. Mrs. Scrivener: You are asking a question which says: "When did you stop beating your wife?" That is exactly what you are saying.

Mr. Makarchuk: We have no arguments on that.

Hon. Mrs. Scrivener: That is the way you have phrased that and I find it amusing that you did.

Mr. Makarchuk: It's the Auditor's report; and the Auditor's report says you wasted money.

Hon. Mrs. Scrivener: No.

Mr. Makarchuk: Are you arguing with the auditor?

Mr. Chairman: I should point out that if we are going to be discussing the home buyers' grant per se, that that would come under—

Mr. Makarchuk: I was just using it as an example. What I am discussing here is whether you are doing some research, or looking at the system so that you don't get yourself into a similar mess.

Hon. Mrs. Scrivener: We have answered you.

Mr. Makarchuk: Are you or aren't you? I still don't know—

Hon. Mrs. Scrivener: We told you that this is the branch which reviews all our functions and our activities with a view to increasing our productivity. We have also told you that we have no new programs that we are considering, or contemplating or designing.

Mr. Makarchuk: I am not asking about programs. I am just saying that should this happen again, hopefully you are not going to be involved in the same kind of fiasco. That is all.

Hon. Mrs. Scrivener: I deny that we were involved in a fiasco.

Mr. Hall: That's a recommendation, Mac?

Mr. Makarchuk: That's a recommendation. I think Mr. Hall would support that. He was present at those meetings.

Hon. Mrs. Scrivener: I am not aware of any Auditor's report making any of the remarks or comments that you are making here. I would be very interested if you would supply me with a copy, Mr. Makarchuk.

Mr. Makarchuk: It's public accounts, the Auditor's report, 1975 or 1976—something like that.

Hon. Mrs. Scrivener: I would be very interested to see the appropriate sections.

Mr. Haggerty: It is an old report.

Mr. Makarchuk: About a year or so old. About 1975 or 1976.

Dr. Russell: I hadn't thought that the Auditor had as yet reported on the home buyers' grant.

Mr. Makarchuk: He certainly reported here. He reported to the public accounts committee.

There hasn't been a final report on how much money was recovered. We haven't received that report. But he has reported that money was paid out that should not have been paid out. You weren't the minister at that time, but it was done by your ministry.

Dr. Russell: If I recall our appearance before the committee on this issue there were quite a number of aspects of the program discussed. However, I don't believe the Auditor ventured a definitive appraisal of the home buyers' grant.

[3:45]

Mr. Makarchuk: He had estimates and they ranged between \$10 million and \$17 million. I am not exactly sure of the figure, but it was in the millions. There was no accurate figure at that time to say how much money went to the wrong people, but he said that money did go to the wrong people.

Item 7 agreed to.

On item 8, legal services:

Mr. Haggerty: Mr. Chairman, item 8 deals with the legal services branch and it provides professional and technical advice. I am interested in the summary of information provided by the ministry. It says: "Providing interpretation, counsel and representation and advising on actions." This is in compliance with the Act and the regulations? How many lawyers are on loan from the Attorney General?

Hon. Mrs. Scrivener: Mr. Graham Stoodley, our chief of legal services is here. I'll ask him

to give some comments. Did you hear the question, Mr. Stoodley?

Mr. Stoodley: The latter part of it; not the first part about providing legal services.

Mr. Haggerty: Could the minister tell us how many lawyers are on loan from the Attorney General in this ministry?

Mr. Stoodley: Eight, including myself.

Mr. Haggerty: What do they do? Are they providing interpretation, counsel and representation and advising on actions? Is this in compliance with the Act, to enforce the regulations?

Mr. Stoodley: Yes, all of those. We advise the ministry on, I think, any legal problem that may affect the administration of our Act, including tax avoidance or tax collection; we draft legislation, regulations, orders in council, and other documents that the ministry requires to be drafted with that degree of legal nicety that we are supposed to possess; we represent the ministry in court actions to interpret the taxing statutes, the tax appeals that are brought against the ministry; we represent the ministry in tax collection matters. Basically, if you can name a legal function that would involve our ministry we are somewhere in there.

Mr. Haggerty: How successful are you in the courts?

Mr. Stoodley: In which area, Mr. Haggerty?

Mr. Haggerty: Let's say in compliance with the regulations in the Act itself?

Mr. Stoodley: Very good, we are very successful in that.

Mr. Haggerty: How many cases would you have in a year?

Mr. Stoodley: Do you mean on compliance, say prosecutions of people who have breached?

Mr. Haggerty: That's right, that is what I'm getting at.

Mr. Stoodley: It varies, because in some years there are more prosecutions than in others, but we would have between 25 and 40 cases a year in prosecutions.

Mr. Haggerty: That's not too many. Is there any other staff required from the Attorney General's office, such as legal secretaries, et cetera?

Mr. Stoodley: Yes.

Mr. Haggerty: How many would that be?

Mr. Stoodley: In addition to the lawyers that I mentioned, there are two clerical people. I should say that those clerical people handle a batch of prosecutions, predominantly for failure to file returns and for failure to

provide information, which is the compliance aspect that you alluded to. Those would probably run to something in the nature of 250 a year.

Mr. Haggerty: Would you class these as permanent employees of the ministry; or are they on a part-time basis or at a per diem rate?

Mr. Stoodley: No, they are seconded. That is the expression which describes our position in the Ministry of Revenue.

We are administratively responsible to the Ministry of the Attorney General and functionally responsible to the Ministry of Revenue. The distinction between those rather elaborate words is that for personnel and pay details we report and deal with the Attorney General; for our actual instructions on the work we do—how, when and where we do it—we are responsible to Mrs. Scrivener and the Ministry of Revenue.

Item 8 agreed to.

On item 9, audit services:

Mr. Warner: Mr. Chairman, the item that I wish to raise is with respect to the home buyers' grant.

Mr. Chairman: That would be vote 1003, Mr. Warner.

Mr. Warner: The reason I brought it up here is I understand some of the collection that is now being undertaken is as the result of audits. I wondered, therefore, if it belonged in under this vote.

Hon. Mrs. Scrivener: It is an internal kind of audit within our own system, on our own processes, including the procedures in the cash office and the internal operation audit and so on. This is an ongoing thing that rides on the ministry constantly and is a part of the ministry operation. Yet it is quite separate from the Provincial Auditor's team which dips in and monitors also. It is a sort of flying corps slipping into various operations without notice.

Mr. Warner: I shall wait until vote 1003.

Hon. Mrs. Scrivener: The Provincial Auditor's team is a thing that is on top of this and is separate from us, and of course not responsible to us.

Mr. Hall: I did not think your ministry would use the term "dips in" very often.

Hon. Mrs. Scrivener: Well he swoop down, shall we say?

Mr. Makarchuk: What auditing does your ministry do to ensure the taxes that are due are collected? Is there any kind of audit situation?

Hon. Mrs. Scrivener: That's the next vote.

Dr. Russell: Again, could I clarify exactly what the minister said? This branch is not involved in the auditing of our tax system. This branch is responsible for ensuring that, internally, the ministry conforms with the directives, the administrative rules and regulations of the government, particularly its responsibilities to make sure our operations are efficient.

Item 9 agreed to.

Vote 1001 agreed to.

On vote 1002, administration of taxes program; item 1, main office:

Mr. Haggerty: I have two questions and they relate to the administration of taxes in general, or the main policy of the minister. In the report of the Ontario Economic Council in 1969, entitled "The Structure of Our Tax System", with respect to corporation income tax rates it was warned that higher Canadian corporation tax rates will discourage the location in Canada of new production facilities, whether Canadian or foreign-owned, and that industries will be faced with competition from countries where tax rates are lower. This statement was made in 1969, and in 1977 we are experiencing a flight of industry from our provinces to the north-eastern section of the United States where, among other things, tax rates are lower. Does your ministry study the reports such as those published by the Ontario Economic Council where such items as tax rates are concerned?

Hon. Mrs. Scrivener: I expect we do. I suspect it would be done specifically by Mr. Leonard who has just this moment joined us. May I introduce, Mr. Chairman—Mr. Robert Weiers, our comptroller of revenue, Mr. Townsend, our director of corporations taxes and Mr. Leonard who is the director of our revenue research branch.

Mr. Leonard, do you read reports of that nature and monitor the activities of tax collections and their receipt, and the rise and fall in other jurisdictions?

Mr. Leonard: Yes, we do. We attempt to keep some track on the flows and activities, in other jurisdictions as well as on our own for comparative purposes. Mr. Haggerty points out there have been numerous statements concerning the flight of industry, and the attitudes. Some of these things are vague, nebulous and hard to nail down, but we do attempt to keep track of our performance in relation to these jurisdictions, principally in the United States and the rest of Canada.

Mr. Haggerty: I am sure the ministry is concerned about the economic state we are

facing. It is not too healthy at the present time. In cases such as I have mentioned here, where you find industry pulling out of Ontario and perhaps going to the United States, what are you or your ministry going to do to stop this moving of industry to the United States?

Hon. Mrs. Scrivener: I don't think that particular kind of activity is within our jurisdiction. If one could "stop" industry from moving, and of course there is always a movement of industry and corporations for various reasons, regardless of economic conditions, I would think that would be within the activity and function of the Minister of Industry and Tourism and of the Treasurer (Mr. McKeough) who through the development of policies would, if they could or chose to, take steps to correct anything they felt they could assist with in terms of a change in policy. I would then implement that policy within my ministry, but I do not participate in that particular kind of function.

Mr. Haggerty: You talk about changes you would implement. Would this be in the line of tax deductions?

Hon. Mrs. Scrivener: If there was an adjustment in the tax rate or tax schedule, or if an amendment or a new kind of tax was introduced or a regulation to suit, I would be involved with the refinement of that because my job is implementation; but the setting of fiscal policy is done by another ministry.

Mr. Haggerty: I think the question was asked of the Minister of Industry and Tourism and it was a negative answer.

Hon. Mrs. Scrivener: It is particularly his function.

Mr. Haggerty: I can recall the Minister of Natural Resources introducing a policy statement in 1975 concerning the situation in the Sudbury basin as it related to Falconbridge, where certain tax considerations were given to the mining industry to encourage their productivity and to encourage the marketing of their product.

In that particular policy statement consideration was given to them in tax exemptions, but it hasn't been fruitful. In a sense, some place along the line it should be followed up to see how effective this was. What I am getting at is sometimes when you give tax concessions to some of these large companies, particularly in the mining area, they still seem to have in mind that they are going to pull out their operations. Falconbridge is one of them.

Mr. Makarchuk: They will take all the nickel on their back and walk out.

Mr. Haggerty: I was wondering is there any monitoring done in some of the tax changes?

Hon. Mrs. Scrivener: An evaluation?

Mr. Haggerty: That's right, an evaluation of some of the programs you have implemented to assist industry; this thing, for example, has not come through in line with the intent of the legislation, which was to provide jobs and job security.

Hon. Mrs. Scrivener: Mr. Leonard indicates to me that he does co-ordinate with Treasury officials and his opposite numbers in evaluating programs of this kind. Would you care to comment?

Mr. Leonard: Leaving aside the specific case of mining tax, which is run by the Ministry of Natural Resources and not by the Ministry of Revenue, we are constantly in a process of finding ways and means of evaluating whether or not a policy has had its desired impact. It is of necessity and properly a joint effort between ourselves and the staff in the relevant division of Treasury. If I could give an example, there is the matter of production machinery in the Retail Sales Tax Act; naturally we want to know or in some way measure the relative effectiveness of that policy. As I recall there is, I believe, a statutory requirement in effect to evaluate whether or not that policy was effective and how effective it was in meeting its stated objectives. So we are doing this kind of thing all the time with admittedly varying degrees of effectiveness.

[4:00]

Mr. Haggerty: Would you say you are getting results?

Hon. Mrs. Scrivener: I don't know how you can always be precise in the way you evaluate. You can't say really that because you did a certain thing something is going to happen. Maybe there was an inevitable circumstance that it would have happened anyway.

Mr. Haggerty: It is a matter relating to the paralleling of the federal practices along with the production machinery and equipment tax rebate that has been given to industry. The Treasurer states that "it is now apparent that the continuation of this broader administrative interpretation would push the costs of the programs far beyond the \$160 million that has been budgeted."

Mr. Leonard: Investment in that kind of machinery did begin to accelerate, which is obviously why the revenue forgone by the board interpretation began to escalate past the original \$160 million. I can't comment

on why these choices are made, but I think clearly it was a matter of the financial requirements of the province. We did find that investment was beginning to run faster than we had originally anticipated.

We started with the basic forecast from the industry itself—the survey of investment intentions—and made some extra allowances with the view that the policy would be effective. In the meantime, businesses began to invest more than they had originally forecast. I don't know whether I could say it was due exclusively to the policy or not, but their actions began to exceed their original stated intentions.

Mr. Haggerty: The end objective was job creation. Was it a job creation tax program? How many jobs did we produce with this tax program? We have never been able to get a clear answer on that.

Mr. Warner: Not one. Not a single job. for our \$160 million.

Dr. Russell: I don't think this is something we would have the information on or would comment on. As Mr. Leonard has rightly indicated, the essential appraisal of the effectiveness of tax policies in any particular set of incentives or disincentives, which may from time to time be introduced, is the responsibility of Treasury.

As Mr. Leonard indicated, we are involved primarily to the extent that naturally the evaluation of these programs depends on the best sort of information we can gather and supply to them. However, it is also the case that the information we would provide them constitutes only one part of a set of factors they would have to take into account. They would be consulting with other ministries—Natural Resources if it is a matter of mining, Industry and Tourism perhaps if it is to do with industry generally, and perhaps elsewhere outside in the private sector. But I think it is important to emphasize that taxation is only one factor in the effectiveness of government policies generally.

Mr. Haggerty: I bring to the attention of the minister that the program has failed. would like to see \$160 million put to some effective job-creating programs. Apparently we don't see that forthcoming from the government.

Hon. Mrs. Scrivener: I don't know that you can say the job support program has failed, Mr. Haggerty.

Mr. Haggerty: I haven't got the answer to my questions.

Hon. Mrs. Scrivener: The program accelerated to such a degree that it would

indicate that perhaps the program was more successful than Treasury had projected in its estimates. But in any case, I would think that the purchase of construction equipment would be an indicator that a lot of people were either expanding or changing or updating their own equipment and their plants.

Mr. Haggerty: There is no doubt that what you say is quite true. But the question is where was the machinery manufactured? In almost every industry you walk into today, even machine shop equipment, the machinery has been produced in Germany, England or Japan. I can think of one of the oldest firms in Ontario that used to manufacture machine shop machinery and that was in Hamilton. I don't know if they are in that field of machinery production today or not; I am not aware of it. But almost every piece of equipment bought is not manufactured in Canada and therefore you are not creating jobs in that area.

Hon. Mrs. Scrivener: I really think this is beyond the purview of our ministry. With all due respect I think this is Treasury's business.

Mr. Warner: Mr. Chairman, a point of order on that. What Mr. Haggerty is raising I think is absolutely pertinent. Perhaps the question more directly is: Why would the Ministry of Revenue not make the tax concession for the purchase of Canadian machinery only and not machinery manufactured in any other jurisdiction? That would be the only criterion for getting this exemption—the \$160 million we have been talking about.

Hon. Mrs. Scrivener: I have to say that we simply are implementing a program which had been designed by Treasury, and quite some time ago.

Mr. Warner: Do you not report back to the Treasurer on the implementation of it?

Hon. Mrs. Scrivener: Mr. Leonard liaises with them on how a program is moving along and in evaluating that program. But until it has been in operation for a time I don't know that there is any way of evaluating it.

Mr. Haggerty: This has been in operation for quite a while; about three or four years now.

Hon. Mrs. Scrivener: Not this particular aspect.

Mr. Haggerty: Production machinery you are talking about?

Hon. Mrs. Scrivener: Mr. Chairman, we are into vote 1002 which is a very broad program involving the administration of our taxation system, and we have with us the comptroller of revenue, Mr. Weiers, I am wondering if you would like Mr. Weiers to give you a

very brief but general description of the activities within his division as a preface to our discussion of the various items under this vote?

Mr. Chairman: As comptroller I imagine Mr. Weiers has activities in all of the seven items and so he could perhaps give us a broad overview of what he does.

Mr. Weiers: Mr. Chairman, the revenue division within the Ministry of Revenue administers some 14 taxation statutes. To administer those 14 we are divided into seven branches which are the seven items in this vote.

Four of the branches are operating branches that administer taxes. One is the redistribution of income branch. Then there are two others which are support branches to the other operating branches and to the ministry in some respects.

One of the four operating branches which administer the taxes is the gasoline tax branch—even though it is called gasoline tax, it actually administers three taxes: the motor vehicle fuel tax, the gasoline tax and the tobacco tax.

Hon. Mrs. Scrivener: That is what you call an explosive mix.

Mr. Weiers: The succession duty branch administers four taxes which to some degree are related in principle, being somewhat single-transaction taxes: the succession duty itself; the gift tax, which was taken over from the federal government a couple of years ago; the land transfer tax; and the land speculation tax.

The retail sales tax branch, which is the largest of all the operating branches within the division, administers two taxes: The retail sales tax and the race track tax.

The corporations tax branch, the second largest branch of the four, administers four taxes. The largest of these is the corporations tax itself within which there are three taxes: The corporations income tax; the capital tax on corporations; and the premiums tax on insurance companies. In addition to that, the corporations tax branch also administers the provincial land tax, which is a form of municipal tax in the unorganized territories in the northern part of the province, as well as another small tax, the Railway Fire Charge Act.

The guaranteed income and tax credit branch is the branch that runs the redistribution programs, the home buyers' grant and the guaranteed annual income credit. It also deals with the federal government in monitoring the income tax, the Ontario tax credit program and the publicity in connection with

the program, and in general monitors other aspects of the income tax.

One of the support branches is the revenue research branch of which Mr. Leonard is the director. The other one is the special investigations branch which works very closely with our operating branches to administer the taxes. These are the people to whom cases are referred for special investigations from the various audit sections of the operating branches when they deem it necessary to refer such cases for special handling because of some suspected malpractice within a clientele group.

The tax branches, the operating branches, and the tax systems that they run in order to administer the tax are all much alike, being divided into five main groups or functions. There is a tax policy-planning-legislation input function which, through our revenue research branch, works very closely with Treasury in developing legislation, implementing legislation, amending legislation. There is the revenue processing function which deals with the thousands and thousands of tax returns that come in—all the dollars that come in; the third function is the audit-compliance-appeals function; the fourth is the information and communications and interpretations function; and the fifth is a function of monitoring our whole operation.

It is a feedback type of function which reviews the results of the various activities and functions within the tax system in an attempt to improve and adjust the systems as they exist, in order to improve things like productivity efficiency, effectiveness of our systems.

Mr. Warner: I just want to ask—despite the fact that we've just had an overview, we are still dealing with the items?

Mr. Chairman: Yes, item by item.

Item 1 agreed to.

On item 2, special investigations:

Mr. Makarchuk: I think we could become a little more specific with what we were trying to get than when we had a deliberate evasion on the part of the minister. This is on the matter of tax leakage. Could the minister at this time indicate how many prosecutions were carried out in the last year in this department and how much money was collected as a result of the prosecutions?

[4:15]

Hon. Mrs. Scrivener: I haven't any idea. I think Mr. Stoodley mentioned the number of prosecutions he had dealt with. It's really a very small part of our activity.

Mr. Haggerty: It was 40.

Mr. Makarchuk: I realize we are dealing

on a piecemeal basis with the whole department. They are small but the whole is quite large. At this time you can't say, or nobody can give us an indication of how much money was received?

Hon. Mrs. Scrivener: No. It would not really matter. It could be \$1 million or it could be \$1,000, but if it were fraud or something illegal it is irrelevant. It's the fact that a law has been broken.

Mr. Makarchuk: You are quite right. But what we are trying to assess here, again going back to the article I read earlier, is just how effectively is this being done.

Are you happy that they are doing all they can? Are you convinced if they had better staff or something that perhaps we would recover more money or discover more places where people are trying to evade taxes or are evading taxes? Have you got any kind of an indication just exactly how that particular area is functioning?

Hon. Mrs. Scrivener: I assure you that the ministry and the administration under Mr. Weiers in my opinion is quite aggressive in administering the statutes and applying all the legislation as it affects our tax collection. Mr. Stoodley has given you some small information on the fact that prosecutions do take place when we apprehend wrongdoers. Beyond that, I don't think I can give you an estimate of leakage any more than the Solicitor General could give you an estimate of crime in Ontario, because in every jurisdiction we are aware that there are people who are wrongdoers but there is no way of estimating who they are. It's our job simply to see that the law is applied and properly applied and that people comply with it. Sometimes there are just simple errors, but if do find errors which indicate fraud or some other major evasion, then we go to the courts.

Mr. Makarchuk: What we would like to do, and I think it's our function as members, is to assess how effectively your ministry functions.

Hon. Mrs. Scrivener: As a matter of fact, I would suggest you are in error in that regard inasmuch as this is the function of the Provincial Auditor.

Mr. Makarchuk: He's not too happy with your ministry either.

Hon. Mrs. Scrivener: He is with us always. He writes reports in which he mentions our ministry and evaluates the things we are doing. I believe he has not found us too much at fault.

Mr. Makarchuk: That's a matter of judgement, your judgement, the Auditor's judgement, and then there is my judgement.

Hon. Mrs. Scrivener: He is an honourable gentleman.

Mr. Makarchuk: We are not questioning his honour or anything. That's irrelevant to what we are discussing right now.

You say you are very aggressive in pursuing the evaders to the very ends or to some ends or to some point. If you are so aggressive and so much on top of this problem, you would be able to give us some idea. You've said you have had 40 prosecutions. Yet you have no record or can't tell how much money was recovered.

Hon. Mrs. Scrivener: I think you forget I'm bound by an oath of secrecy as are our members of the staff. It is a fact that I am prohibited from providing information obtained from taxpayers in the administration of the statutes. This cannot be disclosed to anyone not legally entitled to it.

Mr. Makarchuk: Once again we are not asking for specific examples. You've said there were 40 prosecutions. How much money did you recover or did you recover any money? You are not bound by any kind of oath of secrecy as far as that information is concerned. We are sitting here fencing and so on. Answer the question. If you say you don't know, tell us you don't know.

Hon. Mrs. Scrivener: No, we don't know, but we could obtain this information for you.

Mr. Makarchuk: Fine. Would you do that?

Hon. Mrs. Scrivener: Very simply.

Mr. Makarchuk: Then we will be able to continue our deliberations. Could we hold that vote, Mr. Chairman?

Hon. Mrs. Scrivener: I'm suggesting to you, Mr. Makarchuk, that information is really quite irrelevant.

Mr. Makarchuk: Well, it's a matter of judgement.

Hon. Mrs. Scrivener: It really would not matter whether it was \$1 million or \$1,000 as I said earlier. The point is whether or not someone broke the law.

Mr. Makarchuk: Okay. The other item that is of concern in this thing is the matter of organized crime and the fact that one of the ways that people can get at organized crime is through their tax bills, et cetera. Is there any effort or direction or does your ministry feel that perhaps you should be looking into how money changes hands, whether it's whitewashed someplace and comes into the country, or all the various transactions that

are related to the handling of illicit funds? Is this part of the function of this agency?

Hon. Mrs. Scrivener: Actually, I'll give you a small case in point. You may know that the city of Toronto established an aldermanic committee to investigate Yonge Street. The aldermanic committee produced a report, I think in August of this year, discussing all the problems facing the city because of Yonge Street and the various operations there. It mentioned specifically the money made as a result of the activities on Yonge Street, the pin-ball machines and so on.

I read this carefully and referred it to the revenue division. I have to say I was very disappointed in the report I got back, because it appeared that we could not increase our revenues as a result of the seemingly incorrect operations on Yonge Street. It was not that we were not alert; it just wasn't there to have.

Mr. Makarchuk: Is it because the legislation you have at your disposal is just not—

Hon. Mrs. Scrivener: No, if people comply with the law we have nothing to prosecute.

Mr. Makarchuk: —designed to have the province of Ontario living off the avails of prostitution or something?

Hon. Mrs. Scrivener: Actually, no. I will ask Mr. Weiers to give you a response.

Mr. Weiers: As far as the income tax aspect of it is concerned, the revenues are there and they are reported. Some of the other taxes the minister was referring to—the consumption taxes, if you could call them that—are so structured at the present time that they do not normally, or to any large degree, cover the type of thing that was in this report.

The special investigations branch does keep in very close touch with the type of transaction to which you were referring and with the ways and means in which money changes hands, where it ends up and what happens to it. It is part of their function to do this.

Mr. Makarchuk: Do you have adequate regulations or adequate laws at your disposal to go after it? Perhaps one of the means to end some of this behaviour would be to apply a 100 per cent tax—total confiscation.

Mr. Weiers: I think we have to draw a distinction here. We don't tax a transaction because it is illegal. If an illegal transaction results in profit, then the profit is taxed. Whether a transaction or a business is legal or not, if the profits resulting therefrom are taxed and reported, then our function ends

at that point. It is up to some other ministry after that.

Mr. Chairman: Shall this item carry?

Mr. Makarchuk: No. We are waiting for that other information. So could we stand down the item?

Mr. Chairman: I wonder if the member would agree to carry the item and the minister will come in at the next sitting and give the information and I will permit the member to question, at length if he so desires, based on the information given. Would that be satisfactory? It is a little neater for the Chair to do it that way, rather than carrying over items from one vote to another.

Mr. Makarchuk: It does sort of make things tidier, doesn't it? Do we have a commitment from the minister and the chairman?

Hon. Mrs. Scrivener: Of course, Mr. Makarchuk. I told you I would give you that.

Mr. Makarchuk: Okay, then we'll carry the item.

Mr. Chairman: As I stated, there is no problem. We'll see that that's done, Mr. Makarchuk.

Mr. Makarchuk: Thank you.

Items 2 and 3 agreed to.

On item 4, corporations tax and other taxes:

Mr. Makarchuk: I raised earlier the matter of what you are doing or what can be done to ensure that multi-nationals are paying a fair share of taxes in Canada, that they are not using branch plants as a means to dodge taxation and not using Canadian operations as a means to evade taxes, that Canadian operations which are branch plants of multi-nationals are paying a fair price for components and that their management fees aren't atrocious, et cetera. Could you give me some response to that?

Hon. Mrs. Scrivener: Actually, quite a bit. I'd like Dr. Russell and Mr. Leonard to speak to this.

Dr. Russell: Just generally, the whole question of the application of tax to multi-national corporations operating in Ontario and the whole question of foreign earnings by Ontario-based companies is a very complex matter. I think you're right too in the way you describe it. The charging of management fees by a foreign parent corporation on a subsidiary operating in Canada and that other area you mentioned, the whole question of the pricing of goods and services flowing between associated companies, is indeed a potential or a set of devices which could be used to allow the export of profits from Ontario without bearing proper tax here.

On the other hand, I think it's a problem and an issue which is very well recognized by just about every jurisdiction in the western world. All countries are obviously concerned that profits earned in their jurisdictions bear their tax and somehow or another don't go off to the advantage of some other jurisdiction. As a result of that, over the years a very complex set of treaties and conventions has developed governing the movement of profits and the charging of fees and inter-company pricings which happen to be of an international nature.

By way of background, the centrepiece to this is the so-called OECD model tax convention. That is explicitly designed to hit two problems in this area. The first one is the exporting of tax-free profits and the other one—and it's just as important—is to avoid double taxation where two jurisdictions in their anxiety to make sure they apply their taxes properly move in on a transaction or a flow of profits, with the end result being that the corporation bears two sets of national taxes.

Ontario is linked in with this network via the federal government. Canada does have a set of treaties and convention agreements with virtually every free-trading country in the world. More recently, these treaties have been in the process of renegotiation. You might recall in 1972 the federal government fairly extensively revamped the Canada Income Tax Act, including the taxation of corporations. As a result of that, the treaties and conventions Canada has with other nations are in the process of renegotiation. This is a very long drawn-out process. I think up to date Canada has renegotiated treaties with Italy, Germany, Japan, some Third World nations and some Scandinavian nations. This process will be continuing for a number of years.

Of particular interest perhaps is the state of things with the US. It's more difficult apparently to revise a treaty with the US because of the fact that in the US such treaties have to receive Congressional authority or endorsement. That in itself is a long drawn-out process. It also happens that the United States tax people are pre-occupied, and have been for some time now, with their own process of tax reform.

[4:30]

In any event, all of this simply says that the problem which you identified is, I think, generally under command. If anything, I think, Canada has a reputation of being more severe than most other countries. In fact, that might be something of an obstacle—the speed with which Canada can arrive

at new treaties with other nations. Perhaps Canada and Sweden are among the leaders in the severity of treatment of these tax transactions.

The federal government works basically on the exporting of profits, or foreign earnings, in two ways. It applies a 25 per cent withholding tax across the board—a flat tax—on earnings flowing to countries with whom Canada does not have a treaty.

Mr. Makarchuk: I'm sorry, that's a 25 per cent withholding tax on profits, though, not transfers of money?

Dr. Russell: Involved in all of this are severe rules which have to do with what constitutes a reasonable fee to pay to another corporation.

Mr. Makarchuk: Right.

Dr. Russell: Basically, it depends on whether the transaction is deemed to be at arm's length or not at arm's length. Where it's between associated companies, it's deemed to be not at arm's length and the federal authorities would then attempt to audit or reconstruct what a reasonable fee would be if it had been a bona fide or arm's-length corporation. Mr. Weiers would agree?

Mr. Weiers: Yes. A reasonable price.

Dr. Russell: Similarly, in the pricing of products flowing between associated countries the notion of fair market value applies. That's basically pegged to what other non-arm's-length companies are paying for products and services and what prices might be prevailing on international markets and so forth. That's generally the situation at the federal level.

At the provincial level, Ontario is not allowed constitutionally, for obscure reasons which escape me, to apply a withholding tax in the same way the federal government does. However, we achieve something of the same effect. I suppose it's exactly the same effect, arithmetically. We simply disallow management fees, royalties, rents and similar sorts of payments between non-arm's-length companies or associated enterprises. So in other words, they bear Ontario tax—the regular rate of five-twelfths.

I think that pretty well sums up the status and the situation relating to these types of international profit flows.

Mr. Makarchuk: What you're saying then is that in your mind you're convinced that there's no possibility of trying to evade taxation in Ontario by using these various means; it has been more or less eliminated. Or it's fairly rigid, and it's difficult to evade paying

taxes. Am I correct in interpreting what you've said?

Dr. Russell: I think so.

Mr. Makarchuk: I see. What bothers me is that when you discuss some of these things with people who work within these corporations and so on, they seem to think that we, as Canadians, are being taken to the cleaners, that there are very many means whereby the company does do exactly that—they manage to evade taxes.

Again, we get back to the idea of leakage. You have the various international agreements and you have a certain structure that you've built into place over a period of years that looks after various things. But how effective is that structure?

In other words, have you ever sat down and said, "Are we really getting what is due to us?" Or are we operating on the basis that we have got a structure there, doing a certain function, and every year it coughs up so much money, and we assume that what they are doing is right and leave it at that?

Dr. Russell: We don't rely entirely on people coming to us and volunteering how much tax they would pay. We do pursue these matters.

Mr. Makarchuk: How many times in 1976 have your people from the Ministry of Revenue gone into the books of various multinational corporations and said, "Let's look at your figures. Let's look at the costing you have applied to certain items and components—management fees, royalties, research, et cetera"? Have you done that on any scale?

Dr. Russell: You asked for a number and, with respect, I am not sure that we would want to supply a number on how many of these corporations were involved. Even if we tightened down the definition to know exactly what it is you are seeking, I'm not sure whether we would want to supply that—

Mr. Makarchuk: Once again, Mr. Chairman, I don't see what is going on here. There is no reason why this information should not be available to members of this committee. It is directly related to the functioning of this ministry. It is one of the ways that we as opposition members have to try to assess how well the Ministry of Revenue is operating.

I just cannot understand your reasoning, Mr. Deputy Minister. I can't understand the reasoning of the minister in this case either.

Hon. Mrs. Scrivener: The deputy minister is covered by the Public Service Act. All

people in our ministry are sworn to secrecy. To the greatest degree, they are members of the civil service; they are sworn to secrecy and must protect the confidentiality of the information that is supplied to us. I think you embarrass them when you attack them like that, Mr. Makarchuk. It is very difficult for them. You make it very difficult.

Mr. Makarchuk: There is no intent to embarrass anybody. I think that is, shall we say, the straw man in the argument. In that case then, Madam Minister, it is your responsibility to tell us—because you can certainly get back at us and we can get back at you—exactly how many times in 1976 have members of the Ministry of Revenue gone in and looked at the books of multi-national or branch plant corporations in Canada.

Hon. Mrs. Scrivener: You must not answer that.

Mr. Warner: The question is to the minister.

Mr. Makarchuk: The question is to the minister, and it certainly should be a matter of public knowledge. Does the minister refuse to answer that question, or does the minister, again, not know?

Hon. Mrs. Scrivener: I do not know that this is a proper question, the way you have phrased it. I am sorry, Mr. Makarchuk. In any case, frankly, I think it is one thing for us to talk in general terms about our activities and our administration and to provide you with information; that is quite proper. But for us to give you intimate details of our tax files is improper, and I am surprised that you pursue it.

Mr. Makarchuk: I can assure you, Madam Minister, I am not interested in getting intimate. But I am interested in finding out how many times officials from the Ministry of Revenue have gone in and looked at the books of multi-national corporations. We don't have to have details or the names of the corporations, although I am sure that if we insisted on our rights and went to the Speaker that information and everything else, probably could also be obtained.

Hon. Mrs. Scrivener: I think the Speaker would be tempered by the fact that this is not in the public interest and that you are pursuing information which we are all bound by our oath of office to protect.

Mr. Warner: Oh, nonsense.

Hon. Mrs. Scrivener: It is a fact.

Mr. Haggerty: Mr. Chairman, I think if you look at the explanatory note on vote 1002, item 2, it says "The activity admin-

isters the enforcement of the provisions of various Ontario taxing statutes through in-depth audit and investigations into all cases of suspected tax evasion and deliberate attempts to evade compliance or payment. Functions include liaison with federal and provincial law enforcement agencies." I mentioned before about the RCMP, who have a special squad to deal with income tax evasion practices. I think the point that the member is trying to bring forward is, how many cases have you gone into in detail where you have laid charges?

Mr. Makarchuk: Not in this case. This is the one we stood down. You are quite right; that was the point. But in this particular case I am concerned as a member whether the ministry is collecting the tax due the people of Ontario from the multi-national corporations.

Hon. Mrs. Scrivener: Of course.

Mr. Makarchuk: You say you are and I am asking you for some evidence of this.

Hon. Mrs. Scrivener: You have the ultimate answer, response and protection through the Provincial Auditor who can satisfy himself at any time, and does, because he has a continuing team with us on an annual basis auditing us at whim and at will wherever they choose at any time.

Mr. Makarchuk: That is another argument. Unfortunately, the Auditor does not audit the tax collections and whether you are doing them properly and according to statute. As a matter of fact, that may be one of the items that will be put into the new Audit Act that is under consideration right now.

Hon. Mrs. Scrivener: I am sorry, you are misinformed. The public is very well served by the Provincial Auditor. He most definitely has the right to examine anything in our ministry, including our tax files.

Mr. Makarchuk: There is absolutely no question about it.

Hon. Mrs. Scrivener: You just said he didn't and he most definitely does.

Mr. Haggerty: If the minister has that information available to any standing committee, surely it should be made available here then. It is not privileged.

Mr. Warner: A cloak of secrecy.

Mr. Makarchuk: We are not asking for any privileged information. We are not asking for specific companies that have had their books examined by officials from the Revenue Ministry. What I am asking for is the number of companies that have had their

books examined in 1976. Were there 40, 50, 10 or none?

Hon. Mrs. Scrivener: Mr. Makarchuk, I would assure you we do whatever is required in order to collect the taxes owing to us.

Mr. Makarchuk: If you are assuring me that you are doing whatever is required, then give us some figures indicating—

Mr. Warner: How many? Just tell us how many.

Mr. Makarchuk: —that that is exactly what you are doing.

Dr. Russell: I just might make a point that I think this is a difficult area. You are asking how many corporations have we audited in the past year.

Mr. Makarchuk: No.

Dr. Russell: That is one form in which you asked the question. The other form was how many multi-national corporations we have audited. The reason why we are reluctant to move into numbers like that is the obvious reason that it begins to reveal the scope and the methods of our auditing operations.

Mr. Makarchuk: It does.

Dr. Russell: One can begin to calculate statistically one's odds, if you like, of being audited and then make other judgements therefore about how closely one complies with the statutes. I think I am safe in saying, and I can stand to be corrected by my colleagues, that this practice is followed by every jurisdiction I know of. Certainly the federal government does not reveal the classes of people audited or provide statistics on the coverage of these groups of taxpayers, corporations or individuals. If anything, they go to extraordinary lengths to obscure that sort of information.

We have here copies of some federal documents, taxation statistics volumes, which are published annually and which do provide to interested observers a great deal of information about the operation of the tax system on a geographic basis, how it affects different types of occupations, and so on. In going through this, one will notice the way in which they reaggregate, disaggregate and so on to avoid any recognition in this particular case of any individuals or particular corporations or particular types of professions. They take great pains to make sure that while the statistics are interesting and useful for people studying fiscal policy and such, they nevertheless stand quite far away from an identification of how the tax system works on groups.

This relates primarily to personal income

tax. We are talking here about corporations tax. I would submit to you that the public disclosure of audit rates on this tax or any other tax by us would potentially affect adversely the ongoing administration of those taxes and worsen the problem. I think you are basically concerned about, namely, the proper collection of the moneys owing to us.

Mr. Makarchuk: With respect, I just don't buy that argument. In the first place, I am not persuaded that what the federal people do is the right thing. If they want to do it their way, they can go ahead and do it their way and we will do it our way. It is really to a point irrelevant to what the discussion is here. Our function as members is to find out whether you're doing the job you're supposed to be doing and whether you're doing it properly.

[4:45]

The concern I expressed and which has been expressed to me—it has been expressed, for example, in the article I read earlier—is over the fact that there may be a leakage or there may be people who are not paying taxes. One of the ways that this can happen is through a multi-national corporation that can use the various means I outlined earlier to evade taxation. This is the information we received. I'm asking you as the minister in this case if you are doing anything about it and, if you are, to what degree. We don't necessarily have to go into the statistics or the mathematical odds as to whether each 950th corporation is going to have a spot audit or something like that. We don't have to go into the fact that the federal government runs these things through the computer and draws profiles and, if one doesn't really fit into the profile, the card gets kicked out and one gets a nice letter from the Department of Revenue, et cetera. You haven't got one of those; I used to get those regularly.

That's beside the point. The point here is that we want to assess how well the ministry is doing its job. You refuse for absolutely irrelevant, fallacious reasons to give us that information.

Hon. Mrs. Scrivener: You're asking for information which is of a confidential nature and which would require our staff to contravene their oath of office. I'm sorry but this simply is the fact.

Mr. Walker: Absolutely right. The member is destroying the system.

Mr. Makarchuk: You destroy the system.

Hon. Mrs. Scrivener: The system is based upon compliance. By your pursuit of this kind of discussion you point the way for people not to comply with the system.

Mr. Makarchuk: In other words, what the minister is saying is that in Ontario you can get away with a heck of a lot. You can evade taxes in Ontario and you've got a Minister of Revenue who really doesn't care. As long as it's the corporate sector, you bow in an obsequious manner in front of the corporation, and you go along.

Hon. Mrs. Scrivener: I'm sorry, you're trying to put words in my mouth. This is not correct, Mr. Makarchuk. You're getting very dramatic at this point. You really are.

Mr. Makarchuk: If you're not that way, then tell us exactly what you're doing.

Hon. Mrs. Scrivener: I have already told you, and I've told you quite explicitly and on several occasions, we collect the taxes which are owing to us. We pursue this quite aggressively, are not afraid to take people to court as the occasion requires and are doing an exceedingly good job.

Further, the public interest is protected not only by our own internal audit system, but by the Provincial Auditor's own audit team which is with us on an annual basis and has an ongoing audit which is always protecting the public interest. In many cases the Provincial Auditor simply comes into a ministry at a specified time, looks at the operation and leaves again. He is with us always. He has access to anything we do, any confidential file, and makes a point of reporting in his report to the Legislature anything he finds that is incorrect, as you well know.

Mr. Makarchuk: I have yet to see the Auditor—

Hon. Mrs. Scrivener: He is monitoring us all the time. I'm saying to you this is the means the public has of being sure that what we do is correct, while it still permits us to maintain our confidentiality and to protect the very highly confidential file of information with which we are entrusted by taxpayers. Thousands and thousands of taxpayers know they can trust us.

Mr. Makarchuk: There's nothing yet to indicate to me you're so absolutely perfect as you are trying to make yourself out to be.

Hon. Mrs. Scrivener: I'm not suggesting it.

Mr. Makarchuk: Your halo may be there and it may be shining—

Hon. Mrs. Scrivener: You flatter me.

Mr. Makarchuk: —but I can't see it.

Hon. Mrs. Scrivener: Thank you for your kind words.

Mr. Makarchuk: However, I refuse to move from this vote until such time as we have some indication. You refer to the Auditor and you use the Auditor as the man responsible.

I have yet to see a report from the Auditor—and I may have missed some—which says that the ministry did not collect the taxes. The only place where he did report was on the Ronto situation where he said in his opinion you should have collected \$4,000 odd in taxes.

Hon. Mrs. Scrivener: He didn't say any such thing.

Mr. Makarchuk: Oh, absolutely, he did.

Hon. Mrs. Scrivener: Mr. Makarchuk, if you insist upon making incorrect statements here, I can't even respond to you, because obviously you're not being a very responsible person. When you make a statement like that you are being totally incorrect.

The other side of the coin is to inflict upon the taxpayers of Ontario the kind of demonstration you did when you took over the files of OHIP and revealed that—

Mr. Warner: Now you can say there isn't enough.

Hon. Mrs. Scrivener: —and I don't know that that was in the public interest either.

Mr. Warner: The Auditor said to double the number of people checking up on the doctors.

Mr. Makarchuk: That is right. The Auditor is pointing out now in that particular instance that OHIP is still being ripped off.

Mr. Chairman: A point of order, Mr. Haggerty?

Mr. Haggerty: We have a certain time to go through these estimates here. I know that there are other members here who are awaiting an opportunity to get into some later vote. I have been trying to keep my remarks as short as possible, but I do sympathize with what the member is trying to get. He is trying to get information, but he has tried to get it in two votes and the minister is not going to concede. If she is not going to give him that information, I think he should be looking for other avenues to get it.

Hon. Mrs. Scrivener: The fact is, Mr. Chairman, that the—

Mr. Haggerty: The point is that we only have a certain amount of time here, and there are other members who would like to get into some particular vote. There is the matter of assessment, and I think we should not spend too much time in this.

Hon. Mrs. Scrivener: I am sorry, Mr. Chairman, but there is a point here. I think that Mr. Makarchuk is working at it too hard. The fact is that he has made a statement to the effect that the Provincial Auditor has never reported wrongdoing in

our ministry and I think that that is a highly flattering remark—

Mr. Makarchuk: No. I didn't say that.

Hon. Mrs. Scrivener: —about our ministry because it means that we are complying and satisfying the Provincial Auditor as to—

Mr. Makarchuk: Point of order, Mr. Chairman.

Hon. Mrs. Scrivener: —the effectiveness and the efficiency of our operations.

Mr. Hodgson: You had your say, let her talk now.

Mr. Chairman: On the point of order?

Mr. Makarchuk: What I said is that the Auditor's report does not examine whether the Ministry of Revenue collects the taxes properly or what is due. I have not seen that kind of report. That is, incidentally, one of the items that we will be considering under—

Mr. Chairman: Order.

Mr. Makarchuk: —the new Audit Act.

Mr. Chairman: On the point of order, Mr. Warner?

Mr. Warner: Mr. Chairman, with respect to what the member for Erie raised—

Mr. Walker: There hasn't been a point of order raised.

Mr. Warner: —could you advise us as to what the procedure is—I take it it is different from that followed during question period—when a minister does not answer questions? What procedure do we have here to follow from that? Am I to understand that the minister is not required to answer during estimates? Or, opposite to that, if the minister refuses, do we have some other avenue to pursue?

Mr. Chairman: Mr. Warner, I may say, with respect to your point of order, the discretion as to whether to answer or not resides with the minister in the House and in committee. The minister has provided the information that she wishes to provide in response to the question. The Chair cannot direct in any fashion in that respect. So if Mr. Makarchuk or others are not satisfied with the answer, the only appeal, I suggest to you is to the Speaker.

As far as I am concerned, if I may make an observation in this respect, I think the questioning has come to a dead end. Obviously the minister has provided all the information she intends to provide, and I suggest that in view of the limited time, perhaps we should go on.

Mr. Warner: We might as well leave it. It is the same problem here as it is in the House. We might as well carry on.

Mr. Walker: The minister has answered. You didn't like the answer.

Mr. Makarchuk: I am not finished with this vote. I think if we have six hours, we can spend six hours on this. If we don't carry it, we don't carry it. We can deal with that later on in the House.

Mr. Chairman: Mr. Hall?

Mr. Makarchuk: I am not finished. All right, I will stand down for a while.

Mr. Walker: Give the Liberals a chance.

Mr. Makarchuk: On this same vote?

Mr. Hall: Yes, I would like to ask the minister: I notice that the cost of administration of taxes relative to corporation tax and other taxes is up \$2 million this year or in the order of some high percentage, 40-odd per cent. Are you trying harder to find that "blood out of a stone" or what is the explanation for this large increase in expenditure?

Hon. Mrs. Scrivener: It is partly salaries. I will ask Mr. Townsend and Mr. Weiers to comment. Mr. Townsend is the director of the corporations tax branch.

Mr. Townsend: We have increased the number of audit staff in this year. There is also another increase relating to expenses on the computer system, aimed generally at improving the productivity of the branch.

Mr. Hall: The increase is primarily on a more sophisticated computerization, is that what you are saying? And somewhat on staff?

Mr. Townsend: Probably half and half.

Mr. Hall: Madam Minister, on the collection of corporations tax on a sale by a limited company of a parcel of property—bearing in mind that normally instalment payments are usual and there is a certain time shortly after the fiscal year when tax is paid—when is tax payable actually?

The reason I ask this, to simplify the answer, is this circumstance where you place liens at the time of the sale. It seems to me there is a suggestion that if you don't place a lien, the taxpaying corporation, which I would still like to believe is essentially honest, is going to flee the country on you or something. It seems to me that in that respect you are taking a tough line. There may be some valid explanation, and I would appreciate it if you would share it with me.

Hon. Mrs. Scrivener: We have a responsibility to discharge, Mr. Hall. Mr. Weiers?

Mr. Hall: Yes, but that is why I asked when the tax is actually payable. Because in the normal course of events it is payable on or after the close of the fiscal year, and in—

stalment payments are to reflect your estimate of what tax profit might be or commensurate with taxes in the year previous.

Mr. Weiers: Mr. Chairman, the statutory lien is usually restricted to, or at least we pay particular attention to, those cases where corporations are disposing of the last of their property. And the reason for this is fairly obvious—

Mr. Hall: Disposing of the last of their property, did you say?

Mr. Weiers: The last of their property, yes. That is one of the areas of major concern to us.

The reason for that is that under the Act, as you know, a corporation does not have to file a return until six months after the fiscal year. So the time that can elapse between the disposing of the last of the property and the time it has to report and the time that we hear about what might have happened in the previous fiscal year, could be 18 months. A great number of things can happen in that 18 months. We could never see the corporation again.

Therefore, particularly in those cases when we get a lien clearance request for the disposal of the last property of a corporation, we ask for a lien deposit equivalent to what we or the taxpayer can calculate—or on the basis of information supplied to us by the taxpayer we can calculate—the tax liability of that corporation, up to the time of that disposal of property, is likely to be. We require then that that corporation pay its tax on the basis that the minister may assess or reassess a corporation at any time.

So it is on the basis of that that we ask for a lien deposit; and we hold that lien deposit until the return is filed and the correct amount of tax established—which may be slightly lower or slightly higher. We either ask for more at the end of the fiscal year or we refund the difference with interest at seven per cent.

Mr. Hall: When you say “the last,” do you mean the actual last or second last or third last or—?

Mr. Weiers: I am sorry, it should be nine per cent, not seven per cent. Sorry.

[5:00]

Mr. Hall: You say “the last piece of property.” You mean that if that property were sold they would have no more property. Is this what you mean?

Mr. Weiers: Yes.

Mr. Hall: Or if their inventory is getting down you're afraid they're going to fly the coop.

Mr. Weiers: Yes, and it's a little difficult for—

Mr. Hall: You don't take into account any difference between the length of time the company has paid taxes or been involved or anything like that?

Mr. Weiers: I'm sorry, I'm not quite sure if I understand the question.

Mr. Hall: I'm thinking about a company that was in business for over 20 years and had no tax problems or anything at all. As a matter of fact it is a wholly-owned subsidiary of a parent company which still does have property. Yet this yardstick is applied and I wonder if it is applied universally.

Mr. Weiers: As far as I know, it is.

Mr. Townsend: Yes it is. It is applied universally.

Mr. Hall: Whether the parent has assets or not?

Mr. Weiers: There is no discrimination. The companies are separate legal entities and we treat them separately. We don't necessarily look to the parent-subsidiary relationship, because there have been too many cases where it just doesn't work that way.

Mr. Hall: You certainly apply the law to associated companies, though.

Mr. Walker: I'd like to follow on on that same point. It's about lien clearances. There is an elaborate process within the Ministry of Revenue's corporations tax branch that permits lawyers acting for a purchaser to find out whether there are liens to be levied by the branch for outstanding taxes and make application to the branch to have a clearance, a clearance being good for 20 days or something of that sort. It requires a letter being sent in and a reply being sent back, and the corporations tax branch with their computers are very efficient on that. The problem has not been the branch, but rather the pony express in between the outlying boondocks, such as London to Toronto, where we seem to have difficulty sometimes moving mail from one side of the city to the other.

Hon. Mrs. Scrivener: That's a terrible example.

Mr. Walker: We have some very difficult times. I'm wondering if it is not coming to a point where it might be more appropriate for the ministry to register its lien against the company under a sheriff's execution, such that it would be picked up that way as opposed to having its own central clearance. I think Miss Ireland is still there and still functions very well but regrettably the problem is not so much hers.

How much money is collected that way?

Hon. Mrs. Scrivener: We do give verbal clearances, Mr. Weiers?

Mr. Weiers: Yes, I was just going to say that—

Mr. Walker: I've gone the verbal clearance route and find it cumbersome, although faster than the mail service. But why would it not be more appropriate to take your corporation and register the lien and the county, or perhaps several counties?

Mr. Weiers: We would have to continually put them on and take them off. We would have people running back and forth.

Mr. Walker: Once the taxes are paid, wouldn't that be an effective way of—

Mr. Weiers: We would have to physically remove the lien, again, which we do. Every time we register we have to deregister. There would be a tremendous traffic between us and the registry office, registering and deregistering liens.

Mr. Walker: I'm not speaking so much of the lien. I'm thinking rather of an execution. Are not corporations tax branch taxes outstanding in essence a judgement and recoverable as such, and therefore would permit an execution and be put in the sheriff's office?

Mr. Weiers: Yes, but that doesn't protect the government in the situations I was describing before. Take a corporation that filed a return for the year previous to the current year but failed to pay its taxes. We are trying to collect it. Then it is into the next fiscal year. It has not paid its instalments and the tax liability is mounting. Then, all of a sudden, it either goes bankrupt or it sells its property. Perhaps the purchaser fails to contact us about a lien clearance, which has happened. The property is gone and we have not got anything.

Mr. Walker: But you have got an iron-clad protection, if you put a sheriff's execution on it.

Mr. Weiers: But we are too late.

Mr. Walker: Oh, I don't think so. You have when they try to sell the property.

Mr. Weiers: No, but we would not hear of that.

Mr. Walker: Yes, you would.

Mr. Weiers: We don't in some cases. You would be surprised. We have had experiences the other way.

Mr. Walker: During my period at liberty, I had the opportunity to practise law. If a lawyer discovers an execution in the sheriff's office, that is it. The deal doesn't close until that lien—in essence, that is what it is—is

cleared, period. That is just a guillotine. The moment that is discovered, the deal is off. That is it. No lawyer would close a deal without checking executions. If he did, he would in essence, be guilty of misconduct.

Mr. Weiers: Perhaps we should have Mr. Stoodley speak to this. After all, he handles this end of things, the registration of liens. From the legal point of view, he might be able to add something to this.

Mr. Stoodley: The problem with submitting a warrant of execution for the lien is, first of all, the priority given by the statute for the lien is earlier than the priority you would obtain by the warrant. The warrant would not arise until we could actually file it with the sheriff, whereas the lien's priority is from the date when the tax should be paid.

Mr. Walker: Mr. Stoodley, I am not suggesting you waive your interest in a lien. The lien is still there. I am just talking about a way to avoid the necessity of writing into Toronto and getting a clearance.

Mr. Stoodley: If the lien is still there, no purchase would take it, unless it were cleared or somehow removed.

Mr. Walker: Right. But your execution is your way of notifying the purchaser that this property is under lien.

Mr. Stoodley: As opposed to the way the statute now adopts of notifying all purchasers that all properties are possibly under a lien, because we could not tell. As Mr. Weiers points out, a man may go into arrears of taxes for a particular year. Once our people notice that, they would file a lien on the property, if they thought the tax arrear was big enough or serious enough. If he fails to pay his tax instalments, the amount increases. But you don't normally increase the amount of the warrant unless you file a subsidiary warrant. If he sells property and incurs a capital gain or an income transaction with respect to that sale, again he is a potential tax liability.

In fact, during that year he may sustain a loss which wipes out the tax liability which will come to your attention at the time of the lien. You are still going to have the warrant on the property that he will have to come and take off. We are not anxious, in our ministry, as I think we have demonstrated with respect to a number of the statutes of the ministry, to retain liens in situations where they don't serve a purpose or where they are more harmful to the public than they are beneficial to the revenue.

I think in corporations tax and in an income tax situation where the tax is said to accrue

daily, where a number of transactions have to be reviewed in order to determine the income situation, the lien is really the only effective way with respect to real property that we can police that statute and ensure that the tax is collected. It does bring people to the ministry at the time when they wish to sell the property and it does leave the property alone for as long as they don't wish to sell it. You would certainly lose that with a warrant of execution.

Mr. Walker: I think your man is still protected and that the warrant of execution would be a more efficient means.

Mr. Stoodley: I'm sorry, Mr. Walker, I can't agree at all that it would be more efficient, because we would have to file them with the sheriffs, remove them with the sheriffs and update them with the sheriffs. There are perhaps 35 sheriffs in Ontario.

I admit it has attractions and if we could think of a legal way of making it as effective as the lien, I'd be inclined to agree with you as much as possible. But it really isn't, in my opinion, as effective nor as administratively convenient from the public's point of view or the ministry's point of view. It's not simply the ministry because we would bind up an awful lot of land with warrants that we will not touch with liens.

Mr. Walker: The Ministry of Consumer and Commercial Relations has a centralized computer now for personal property security registration. There's a telephone terminal at each registry office. Lawyers wishing to check to find out if there's a condition of sales contract or something else floating around, for example, a chattel mortgage, merely go to that operation. They can have an immediate check that's extremely quick and extremely useful. They have a computer printout sent to them for a couple of bucks maybe four or five days later, but they receive verbally the information from some girl who even sounds like a computer when she talks on the phone. That's a very useful system. It might be worthwhile and might be a consideration for enlarging that ministry's operation. I'm sure there's some relationship with the Attorney General as well. They're in each registry office, right where deeds are registered, not 50 feet from the spot. It might be a useful approach.

Mr. Stoodley: The difficulty with personal property security is that it doesn't include unregistered claims of the Crown. That's under the Act itself. Those are amendments, of course, that could be made.

Mr. Walker: I just thought that type of system might be deployed if you're looking for a more appropriate way of solving the transmission of mail, which is really becoming a problem. We've had some good examples right within this building. It takes five days to get it from here to the Frost building or some place. I don't know how that happens. It's pretty bad beyond it as well.

Mr. Stoodley: It does mean you have to give longer closing times now.

Mr. Walker: Sometimes we don't have very much to say on that. That's a problem.

Mr. Stoodley: It's true.

Mr. Walker: I have another question but I'll defer.

Mr. Hall: On this whole subject, and I certainly don't want to break anybody's oath of secrecy—I want that clear—if it is public knowledge, I'd like to know, relative to corporation tax, in the past 12 months, for example, or whatever statistical period you keep it for, how many bankruptcies there have been of corporations in the province, what tax has been lost through bankruptcy and what is the amount of arrears of corporate tax in the province of Ontario now.

Hon. Mrs. Scrivener: I suspect it isn't so much the tax that's lost through a bankruptcy since often tax isn't payable by a corporation to any degree prior to the bankruptcy. What it comes down to is the cost to us of handling the bankruptcy and writing the business off our books. Mr. Weiers, what kind of information do you have on that?

Mr. Weiers: The capital tax, I suppose, would be payable. As far as income tax goes, if a company is in a bankrupt position, it has usually been in financial trouble before and probably has losses in any event.

Mr. Hall: How many bankruptcies are there in the last year that you've kept record of?

Mr. Weiers: I don't know. I don't think we keep the records of bankruptcies. We do have a record of accounts that cannot be collected because of bankruptcies. There are degrees of collection even in bankruptcies. We get partial payments from trustees and this sort of thing; so the figure would not be an accurate one as to the actual number of bankruptcies.

Hon. Mrs. Scrivener: Do you separate out a bankruptcy from a business that has just been closed, a corporation that is being closed?

Mr. Weiers: By reason, yes. I haven't got

these figures here. I don't think we have figures here as to them. They are available but we haven't got them here.

Hon. Mrs. Scrivener: I think we could get that figure for you probably.

Mr. Weiers: As a matter of fact, Dunn and Bradstreet would be able to tell you very quickly.

[5:15]

Mr. Hall: You may have better connections than I have with Dunn and Bradstreet. I am interested in trends because it affects the revenues you are receiving. I think it is, therefore, pertinent to the subject.

I might also ask on the matter of arrears, if you are collecting \$800 million a year or something in that order in this section—and I am just guessing at that figure offhand—what constantly is the level of arrears and is it increasing or decreasing?

Hon. Mrs. Scrivener: Do you have a figure on arrears?

Mr. Weiers: Yes. I think there has been a slight increase in arrears in the last year or two. This is probably attributable to the economic condition. The increase is not very large and the value of outstanding accounts to our total revenue is extremely small.

Mr. Hall: You certainly don't want to take any chances with revealing any facts, do you, sir?

Hon. Mrs. Scrivener: Mr. Hall, in this regard, could I ask the deputy to correct a misconception concerning the province of Quebec which arose out of this morning's discussion because it is pertinent to the conversation of this morning which leads up to this point? Would you care to discuss the figure that was quoted in this morning's citation of the Star story?

Dr. Russell: Yes. Very briefly, Mr. Makarchuk cited an editorial in the Star of September 19, 1977, in which there was a reference to the Quebec Minister of Finance. It refers to an apparent inability to collect \$132 million in taxes in that province. We have now pulled from the report of the Quebec provincial auditor the reference to this matter. We traced it through to its origin. The \$132 million relates to personal income tax, to moneys owing which have been identified but not collected. In that sense, I don't believe this is the sort of leakage or problem to which you were originally referring.

Mr. Makarchuk: No, not to that.

Dr. Russell: This is a collections problem. I assume therefore that that is why he called for more manpower. It is a physical problem

involved in collecting that amount of money from the taxpayers.

Mr. Makarchuk: Possibly the total leakage in Quebec could be a lot more than \$132 million, because he is only, as you say, referring to income tax. I thought the figure was so large that it would entail all the other taxes. If it is only income tax, I am sure there must be leakage in other taxes. Probably the figure is higher than that.

Dr. Russell: I would not know about that. I am only saying that this \$132 million is not itself a measure of any form of leakage.

Mr. Hall: Mr. Chairman, I believe I still have the floor.

Hon. Mrs. Scrivener: I was just asking Mr. Weiers if he could get a figure for you on your last question. I think he can. I don't know how close up it would be.

Mr. Weiers: Accounts receivable by taxes are normally shown in the public accounts statements or the public accounts that are published at the end of each year. Before the corporations tax branch in March 31, 1977, the figure was \$33 million, which is 2.4 per cent. Of that \$33 million, approximately one-third of that is a 30- to 60-day current type of billing. The remainder of it is spread out 60-90, over 90, and 120. For the accounts that are difficult to collect or where there is a dispute, we have collection arrangements with corporations, totalling about \$12 million which is covered by securities we hold. In other types of arrangements—post-dated cheques, mortgages and this type of thing—the accounts are secured to that extent, pending settlement of the account or settling of an issue with the taxpayer.

Hon. Mrs. Scrivener: I think you would agree, considering the size of our operation in Ontario, our figures are relatively smaller compared with similar figures in Quebec, if you need a measurement.

Mr. Hall: I'm not concerned about Quebec. I didn't raise that aspect myself. I'm interested in the running accounts receivable as a result of your programs. Did I gather Mr. Weiers to say that that \$33 million was accounts receivable on corporation tax?

Mr. Weiers: Yes.

Mr. Hall: Just corporation tax. That's another \$12 million for which you've got some form of security, whether it be only post-dated cheques or what have you.

Mr. Weiers: Or mortgages or bonds or whatever.

Mr. Hall: You are going to endeavour to provide me with a figure on bankruptcies and tax and cost of bankruptcies to your ministry?

Mr. Weiers: Yes, we could do that.

Mr. Walker: My question is not now on lien clearance. Where does the Railway Fire Charge Act revenue show up? Where is that administered?

Hon. Mrs. Scrivener: Didn't we collect any in the last year?

Mr. Walker: How much has been collected in the last year?

Hon. Mrs. Scrivener: Actually, I should be withdrawing that Act.

Mr. Weiers: About \$90,000.

Mr. Walker: How is that money levied? Is it a tax or is it created when the fire occurs?

Mr. Weiers: It's an annual levy of \$25.60 per square mile of railway land, on whoever has railway land.

Mr. Walker: Has there been a fire created along railway tracks in the last 10 years caused by these steam engines throwing out sparks?

Mr. Weiers: I don't know.

Dr. Russell: We don't have a complete statistical series on that yet. There has been a curious dying down of the incidents of fire but we're not sure yet that it's a permanent death.

Mr. Walker: Is there any straight levy with respect to the amount of money levied per square mile on each of the railways? I presume this applies to all railways in Ontario.

Hon. Mrs. Scrivener: Actually, Mr. Walker, this Act is obsolete. I think it should be withdrawn.

Mr. Haggerty: Wasn't there a fire a couple of years ago in northwestern Ontario that was caused by a railroad operation, from a diesel locomotive, not that it was started by the railroad?

Mr. Walker: That was when it emptied some kind of acid that caught fire, some kind of sodium or whatever it was. When it struck the air I think the tank car split. It was powdered material which, when subjected to air, caused a fire alongside. This might fall into the same situation as sparks from a steam engine.

Dr. Russell: Some of the brakemen smoke

Mr. Walker: As a matter of fact, we have one as Speaker now. We'll have to be careful about what we say about these things today. He'll be reading our comments, I'm sure.

Hon. Mrs. Scrivener: Is anybody going to ask Mr. Weiers about the the venture investment corporation?

Mr. Chairman: Perhaps Mr. Haggerty will ask that question. He's next.

Mr. Haggerty: As near as I recall, that's in your tax proposals next week, is it not?

Hon. Mrs. Scrivener: Yes. It's quite an important aid to small business.

Mr. Haggerty: Enlighten us on it then. Give us about five minutes on it and let us see what we have.

Mr. Weiers: The legislation to permit the incorporation of a venture investment corporation was passed into law during this past year. It is to be proclaimed, I think, on January 1, 1978. In preparation for that proclamation, the present bill before the Legislature includes in it the tax provisions that will apply to those corporations that can be incorporated under the bill that was passed earlier. It will be administered by the Ministry of Consumer and Commercial Relations.

That ministry will actually monitor and govern the activities of the venture investment corporations. They will be working fairly closely with the Ministry of Revenue in supplying information and cross-checking as to the eligibility of such a corporation to take advantage of the tax provisions which have been included in the bill which is presently before the House.

In short, any corporation investing in a venture investment corporation will be able to deduct, in computing its income tax, an amount which is equal to 250 per cent of its investment in the VIC. At 12 per cent, which is the corporate income tax rate, that particular deduction is worth 30 per cent in terms of a tax rate to the corporation. Instead of getting 12 per cent, which is the normal corporate rate on any kind of a deduction, in computing income they can actually claim a 30 per cent tax rate for their investment in the VIC.

The unused portion of the 250 per cent these corporations can claim in any tax year, which cannot be used as an offset against other income in a particular year, can be carried forward indefinitely. They don't lose the benefit of their investment. There is no restriction on it. Losses carried forward ordinarily expire at the end of five years. On this particular investment, there is no restriction on the length of time it can be carried forward.

There are rules which govern the disposition of the investment in a VIC. There are recovery provisions, add-backs to income and this sort of thing, when the investment is disposed of. The VIC itself, in order to be a VIC, under the Consumer and Commercial Relations bill must comply with quite a number of conditions. Their investment must be of a certain nature, they must be

of a certain amount and they must be directed in the main towards investments in small business. In order to justify its existence, the VIC has to lend its money to small business. The reward for that presumably is in drawing money from other corporations which, it is hoped, will be attracted by the 250 per cent deduction they will be able to claim in calculating their income tax.

[5:30]

Mr. McKessock: This deduction is recovered at the same rate of 250 per cent later on, isn't that right? So it's just a deferring of taxes—

Mr. Weiers: If it is disposed of, yes.

Mr. Haggerty: How long can it be deferred, though? If they cannot collect them in one year, then it says "indefinitely." You are going to be having to be keeping some records there, will you not, if it is going to carry on in that way? Don't you have some limit there?

Mr. Weiers: Presumably the corporation will be profitable at some time. I guess there are some corporations that run at a loss for a fairly lengthy period, but presumably at some time in its lifetime, a corporation is profitable—against which it can offset these losses that are carried forward.

Mr. Haggerty: But I am sure they are not going to continue with a loss for a period of five years and then still come in and perhaps collect the tax rebate on the original investment.

Mr. Weiers: I am not quite sure that I follow—

Mr. Haggerty: I mean this could be used perhaps as just a writeoff for large corporations, in a sense. It could provide a way to put money into a package for them and rest on it for a couple of years.

Mr. Weiers: They cannot dispose of it, of course. The thing is recovered and they have to add it back again. To the extent that they have to add it back, their loss is reduced if they happen to be in a loss position.

Mr. Hodgson: When you mention small business, what is the criterion for small business?

Mr. Weiers: Small business? It is the same as the definition for small business under the federal Act. You have section 125.

Mr. Hodgson: What is that? I am not familiar with it.

Mr. Weiers: A company has to be a private Canadian-controlled corporation and it cannot have any more than \$750,000 in its

cumulated dividend account. That is, it must keep on paying out dividends; it cannot accumulate its profits. As long as it stays underneath the \$750,000 in accumulated profits and it is a Canadian-controlled, private corporation, then that constitutes a small business. They get a special rate.

Mr. Makarchuk: Is there a provision in the provincial corporation tax for deferred taxation, the same as there is in the federal government, or do you just get whatever percentage they do pay, if they don't pay to the federal government?

Hon. Mrs. Scrivener: I believe so.

Mr. Weiers: Yes, deferred tax. I am not sure what you mean.

Mr. Makarchuk: Under the federal system you will have a corporation who will defer paying its corporation taxes to the federal government.

Mr. Weiers: Are you talking about capital cost allowance or that sort of thing where—

Mr. Makarchuk: No, no. I am not concerned with capital cost allowance, but with straight corporation taxes. Don't they have a deferment that they can take advantage of whereby they do not have to pay the tax for a period of time?

Hon. Mrs. Scrivener: I am sorry, I did not understand.

Mr. Townsend: They just choose not to pay taxes?

Mr. Makarchuk: That is right. In other words they will pay it at some future time.

Mr. Townsend: Not in that sense. There are ways—

Mr. Weiers: It sounds to me as though you are talking about collection arrangements that are made. Is that it?

Mr. Makarchuk: No, I am just talking about what is known as "deferred taxes." With major corporations, International Nickel as an example, the discussion is that they have a fair amount—\$350 million or something—in deferred taxes.

Mr. Townsend: That arises through the fact that they are able to claim larger capital cost allowances. Any company can do this—

Mr. Makarchuk: I see.

Mr. Townsend: They can claim larger capital cost allowances than they choose to write off in their own books. Any corporation can do that; it is just that a large corporation has a larger amount.

Mr. Makarchuk: In other words, of what they do in a particular year, they only claim a certain percentage of that capital cost

allowance and save it for future years. Is that it? Whenever their profits decline?

Mr. Townsend: The title "deferred tax" for that particular amount is one that was brought out by the various accounting institutes. Their objective in doing that was to have the revenue for the year, in calculating the profit within their books, match the cost for the year. That's the device they have introduced for their own bookkeeping. It's not deferred tax in the sense that they are saying to the government: "We prefer to take advantage of this and pay tax later." To some extent, it's not a very good description.

Mr. Weiers: The only significance that might have, Mr. Makarchuk, is that should the corporation stop investing in capital assets and just run down their equipment then they will have used up their CCA claims in the previous years and then they won't have any CCA to claim in subsequent years. Therefore, their profits are going to be higher and therefore their taxes are going to be higher and that deferred item you see on their balance sheets is an offset against it. It's a type of reserves.

Mr. Makarchuk: All right. The 12 per cent that they owe to Ontario, does that apply?

Mr. Weiers: Yes, it's either the federal 35 per cent or our 12 per cent.

Mr. Makarchuk: I see, your 12 per cent is based on what they pay the federal government?

Mr. Weiers: No, not what they pay the federal government but on the same calculation of income.

Mr. Makarchuk: I see. Then they can defer paying to the Ontario government as well?

Mr. Weiers: I quarrel with your expression of "defer paying" to us because it's not that they owe us anything. They've paid their tax. It's that they have been able to pay less tax on that particular profit for that particular year than they would otherwise be able to if those CCA rules weren't the way they are.

Mr. Makarchuk: But it does happen in Ontario?

Mr. Weiers: Oh, it's the same thing.

Mr. Makarchuk: Okay. The other thing I wish to comment on is regarding the lien clearance. This is one of my favourite lien clearance operations. This is Lynden Hill Farms. Could the minister enlighten me at this time as to what she is doing with that? If she recalls, about a year ago she said she was negotiating with them on whether she was going to collect capital land speculation

tax from them or not. She gave them a lien clearance because there was some doubt as to how much of a lien there was. Could she indicate at this time where she is on this negotiation?

Hon. Mrs. Scrivener: That's in item 6 but I don't mind responding, inasmuch as I made a statement to you in the Legislature earlier this year. I can say to you that this corporation is complying with our statute.

Mr. Makarchuk: Are you collecting any money?

Hon. Mrs. Scrivener: I have no problem with that corporation.

Mr. Makarchuk: He seems to have a problem. The federal government has problems with them, and you have no problems with them?

Hon. Mrs. Scrivener: No.

Mr. Makarchuk: Have you collected any money from them then?

Hon. Mrs. Scrivener: The fact is that they are complying with our statutes.

Mr. Makarchuk: What does that mean?

Hon. Mrs. Scrivener: Just what I said. We have a tax law and they are complying with our statute.

Mr. Makarchuk: What bothers me about this particular operation is the fact that the man was somehow given an understanding by somebody within the Revenue department that he will not have to pay tax.

Hon. Mrs. Scrivener: I'm sorry but I don't know where you get your information and what you're privy to.

Mr. Makarchuk: This information was given to a Globe and Mail reporter who interviewed him on his dealings in the land. What is it about your department that certain people seem to have that kind of an "in"?

Hon. Mrs. Scrivener: I don't think it's true.

Mr. Makarchuk: I shouldn't say that it's your department because you were not the minister at that time.

Hon. Mrs. Scrivener: It is not true. The fact is that whatever information you gained in that way does not conform with the facts. This corporation does comply with the statute and I think that you should not be so concerned at this point.

Mr. Makarchuk: I am concerned.

Hon. Mrs. Scrivener: You have no cause to be concerned.

Mr. Makarchuk: I am concerned in the sense that I feel that they owe money to the province of Ontario.

Hon. Mrs. Scrivener: You don't know any of those things of your own knowledge.

Mr. Makarchuk: I have opinions the same as you have, and to my knowledge you have not collected the taxes from this corporation. I am trying to find out whether you are collecting taxes or whether you are going to collect taxes, or have you decided not to collect taxes or in your opinion they do not have to pay taxes? You are not giving me any kind of an answer.

Hon. Mrs. Scrivener: You are asking about a tax file. But the fact is, I guess the most extravagant thing I can say to you is this corporation is not in breach of any statutory requirement. That is actually a very positive statement.

Mr. Makarchuk: It just doesn't tell me anything, that's all.

Hon. Mrs. Scrivener: No, frankly you are asking about detailed information on a tax file and I cannot give you that information.

Mr. Makarchuk: Then it brings in the element of suspicion as to how you operate your department. It seems to me that some people sit on the board of racing commissioners and they are associated with the past Treasurer of Ontario and a few other people, and somehow, somewhere they can get a tax break. That is the suspicion I have in my mind.

Hon. Mrs. Scrivener: I think you are basing assumptions—and they are only that—upon information which is hearsay and could not be accurate—not by any stretch of the imagination could it be accurate—and I think that it does you no credit.

Mr. Makarchuk: I am not concerned whether in your opinion it does me credit or not. I am concerned about the fact that you are supposed to administer this department fairly, equitably and so on and somehow certain people in Ontario are getting a tax break, in my opinion. You haven't provided any kind of information or any kind of an accounting on this, or why they are or they are not. In the previous discussions, when the matter was raised in the Legislature, you stated that the figure has not been arrived at and it is being negotiated. And now you are not saying anything.

Hon. Mrs. Scrivener: That was many months ago.

Mr. Makarchuk: That's right, that was not that many months ago. Now you are telling me that the firm is living within regulations as you see them. You don't indicate whether—does that mean they pay taxes or they don't have to pay taxes? What does it mean?

Hon. Mrs. Scrivener: I am not at liberty to say.

Mr. Hodgson: Mr. Chairman, Mr. Makarchuk has made a very strong statement—saying there are certain people in the province of Ontario who get tax breaks because their name is so and so—in other words, if you have racing commissioners being friends of the Treasurer. If he has that information I think as a citizen of Ontario he should bring that information forward so that we know about who these people are who are getting tax breaks. He is the one who is creating the suspicion, not the minister.

Mr. Makarchuk: I'm not sure where the hon. member has been the last few years. This matter has been discussed in the House and it has been discussed in the public accounts committee.

Mr. Hodgson: You have brought forward suspicions but you have no real proof.

Mr. Makarchuk: It has been discussed in the public accounts committee—

Mr. Hodgson: That's right. You tried to raise a real issue on that and what have you proved?

Mr. Makarchuk: We have a suspicion and what we want is some indication from the minister that the suspicion is unfounded.

Mr. Hodgson: Not only have you raised a suspicion but you raised a suspicion that every resident of Ontario could be tarred by the statement you are making right now.

Hon. Mrs. Scrivener: Mr. Makarchuk, by your standards, if you had a suspicion about Eaton's or Simpsons or Stelco or what is the one in your riding—Massey Ferguson—then you could say "I have a suspicion and I demand to know the answer." You would then require me to reveal intimate details of tax files, and the very basis upon which we built the system, which is trust and confidence, would be absolutely destroyed.

I say to you as positively as I can, the particular corporation that you have raised to me is in compliance with our statutes. I have no cause for concern. I can assure you of that. I suggest to you that you have no cause for concern. If there were cause, I am sure the Provincial Auditor would draw it to the attention of the Legislature and very promptly.

[5:45]

Mr. Makarchuk: I don't think in the first place the Provincial Auditor looks on whether your taxes are collected in specific instances unless he is directed. That's the one point. The other point is that in the Ronto situa-

tion, the Provincial Auditor was asked by the public accounts committee, assuming that all the assumptions in that transaction made by the government were correct, "Does Ronto owe the government of Ontario tax money?" The Auditor came back and said, "Yes." The figure was—

Hon. Mrs. Scrivener: The Auditor did not say that. Frankly, this is about the third time that you have made this allegation—

Mr. Makarchuk: That is right.

Hon. Mrs. Scrivener: —and I am going to ask you, now, to come back to this committee and cite me chapter and verse.

Mr. Makarchuk: All right. I will bring you the back page of the report of that—

Hon. Mrs. Scrivener: If you will bring me the Provincial Auditor's statement to that effect. You show me his statement.

Mr. Makarchuk: —where that was filed with the public accounts committee—

Hon. Mrs. Scrivener: No. You show me the Provincial Auditor's statement. You have quoted him.

Mr. Makarchuk: That is right.

Hon. Mrs. Scrivener: You show me his statement.

Mr. Makarchuk: The statement was made by the Provincial Auditor. I will bring it for your benefit, but I would assume that you have seen it and you know something about it.

Hon. Mrs. Scrivener: No, I have not. That is the whole point. I have not seen it.

Mr. Makarchuk: You have not seen it. Okay, then in that case we will excuse you for the time being for not seeing it. But as a responsible Minister of Revenue, I think you should be on top of these things and make sure that you collect the tax that is due to the people of Ontario.

Hon. Mrs. Scrivener: I do that.

Mr. Makarchuk: There is some serious doubt in my mind whether you do or not.

Mr. Haggerty: I have one question I wanted some clarification on. It relates to the land speculation tax. If I can recall the amendments—

Mr. Chairman: The land speculation tax is item 6, Mr. Haggerty.

Mr. Haggerty: It says "corporation taxes" and it says "other taxes" too.

Mr. Chairman: It is related to the clearances and we have touched on it on several occasions. If you wish to raise it, it is all right, but—

Mr. Haggerty: It is just one question. I would like—

Mr. Chairman: —it is more appropriately dealt with under item 6.

Item 4 agreed to.

On item 5, gasoline and tobacco tax:

Mr. Makarchuk: Could the minister say how the new legislation that was brought in last spring for the collection of taxation on diesel fuel or truck fuel is working out—the motor vehicle fuel tax?

Hon. Mrs. Scrivener: Yes. May I present Mr. Clayden, who is our director of the gasoline and tobacco tax branch. Actually its proper name is gasoline branch but it administers tobacco.

Mr. Clayden: Mr. Chairman, the legislation for the registration procedure under the motor vehicle fuel tax—the regulation has also been passed and administratively we have made arrangements for the registration of every user and vendor of diesel fuel. There is a certain amount of work remaining to be done and the complete registration, I should think, would be ready towards the beginning of next spring when we will have everyone registered.

Mr. Makarchuk: When you say the "user" of the tax, does this mean every trucker in Ontario—or for that matter outside of the province—who buys diesel fuel will have to have some type of certificate?

Mr. Clayden: Yes, they would be registered as they operate. We will not register every vehicle but we would register every operator. The registration will be carried out in different ways to make it as straightforward and simple as possible for the smaller user.

Mr. Makarchuk: I see. How much do you figure this is going to help you—the tax that leaked out before and that you are going to catch—under the new system? The minister doesn't believe in leakage, but seeing as how we are talking about diesel fuel, it does flow a bit.

Hon. Mrs. Scrivener: I think the Treasurer (Mr. McKeough) did have a projection, didn't he?

Mr. Clayden: Yes, there was a projection there of, shall we say, non-payment of tax. Most of it, of course—or a good portion of it—is not evasion, in that we had out-of-province truckers coming through the province who were unable to account for their tax to us. There was no facility for them to do so. But it is the estimation that we should gather at least \$5 million to \$7 million extra.

Mr. Haggerty: Are there any examples of Ontario truckers violating this fuel tax? For example, I'm not quite sure about it, but I've

been told rumours that some of these truckers fill up their fuel tanks here in Ontario and travel as far as the Lewiston bridge. From there on they ask for a rebate back on the taxes that they never paid. Can this happen?

Mr. Clayden: They cannot ask for rebates back on tax which they have never paid. If they were registered with us, they could obtain the tax-free and pay only on that fuel used within the province.

Mr. Haggerty: In other words then, they're getting tax-free fuel, are they not?

Mr. Clayden: Oh, to start with, yes.

Mr. Haggerty: Sure they are. There can be quite a violation on this, can there not be?

Mr. Clayden: No, there's no violation there at all. As a registrant they're entitled to buy tax-free, and under those circumstances we check their total inventory and throughput of diesel fuel and the consumption as well. They report their consumption that's taxable and non-taxable every month, and we, of course, then will audit it subsequently.

Mr. Chairman: We vote at five minutes to six in the House. I remind the committee that we'll have an hour and 35 minutes left for consideration of these estimates after tonight, so I wonder—

Mr. Makarchuk: We could probably extend that if we wanted to. I'm sure the minister wouldn't mind.

Mr. Chairman: That is up to the committee. That was discussed with the House leaders. We have 11 hours to spare in the current

allocation of time. The House leaders were asked to seek out the opinions of the various critics as to whether they wanted more time and the information came back that the critics felt it could be accomplished in the allocated six hours. If the committee is now of the view that more time should be given, that's up to the committee to make that decision. But the question was asked and the information came back that six hours was sufficient.

Mr. Ashe: If the question was asked and answered in that way, I don't think we should give it any more time.

Mr. Makarchuk: I think, Mr. Chairman, that if we had probably an extra hour, it might be useful, to extend the six to about seven hours in committee. We'll try to arrange that perhaps.

Mr. Chairman: If the committee is agreeable to that, it's certainly fine with the Chair. I do underline again that the question was asked and the information came back that the six was sufficient. But if the committee is now of the opinion that we should extend it by another hour—is that the view of the committee?

Mr. Ashe: It is not my view.

Mr. Chairman: All those in favour? All those opposed? Six hours is the time allocation.

We'll reconvene Monday night next at 8 o'clock.

The committee adjourned at 5:54 p.m.

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SPEAKERS IN THIS ISSUE

Ashe, G. (Durham West PC)
 Gaunt, M.; Chairman (Huron-Bruce L)
 Haggerty, R. (Erie L)
 Hall, R. (Lincoln L)
 Hodgson, W. (York North PC)
 Makarchuk, M. (Brantford NDP)
 McKessock, R. (Grey L)
 Scrivener, Hon. M.; Minister of Revenue (St. David PC)
 Walker, G. (London South PC)
 Warner, D. (Scarborough-Ellesmere NDP)

Ministry of Revenue officials taking part:

Clayden, J., Director, Gasoline Tax Branch
 Griffin, Mrs. J., Director, Personnel Services Branch
 Leonard, L. P., Director, Revenue Research Branch
 Rowsell, D. W., Director, Succession Duty Branch
 Russell, Dr. T. M., Deputy Minister
 Stoodley, G. S., Director, Legal Services Branch
 Townsend, C. H., Director, Corporations Tax Branch
 Weiers, R. J., Comptroller of Revenue



No. G-15

Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Revenue
and Management Board of Cabinet



First Session, 31st Parliament

Monday, November 14, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

MONDAY, NOVEMBER 14, 1977

The committee met at 8:02 p.m.

ESTIMATES, MINISTRY OF REVENUE (concluded)

On vote 1002, administration of taxes program; item 5, gasoline and tobacco tax:

Mr. Makarchuk: Where did we put corporation tax and other taxes? That was passed, was it?

Mr. Chairman: Item 5 was the one we were on. Shall item 5 carry?

Mr. Makarchuk: On point of order, Mr. Chairman, the minister said she would file certain papers at this session related to corporation taxes, and I'd like those filed. She also asked whether I had the information from the Auditor regarding the Ronto non-payment; I have that information here and want to read it into the record as well.

Hon. Mrs. Scrivener: Mr. Chairman, in response to our question asked, I think, by Mr. Hall concerning tax loss due to business bankruptcies: The time relationship between bankruptcy and the tax write-off is fairly relative in terms of this reply.

There is not necessarily a connection between the bankruptcies of businesses occurring in any year and the determination of the tax loss ultimately to be incurred by Ontario due to those bankruptcies.

Often a period of several years elapses between the date of petition in bankruptcy and the day on which it is finally determined that no further recoveries of tax may be made from that bankrupt estate. The most recent information available indicates that approximately 300 corporate bankruptcies occur each year in Ontario, and up to two-thirds of these corporate bankruptcies ultimately result in tax loss to Ontario.

For the fiscal year, 1976-77, a tax write-off of \$329,000 is being recommended on the basis of determinations made during that year, that no further tax recoveries are possible from the bankrupt corporations involved.

I have these figures, Mr. Chairman. The number of business bankruptcies in Ontario for the calendar year 1974 are: corporations—13, unincorporated businesses—812, for a total of 1,125.

In the calendar year 1975, corporations are 303, down slightly from the previous year; unincorporated businesses 976, up from the previous year, for a total of 1270. The source for these figures is the annual report of the Superintendent of Bankruptcy for the fiscal years of 1974-75 and 1975-76.

The amounts of tax recommended for write-off by Ontario due to bankruptcy for the year 1976-77 are—this is listed in terms of the numbers of corporations and the tax statutes for which moneys were owing. The figures are broken down that way, but to simplify I can give you totals if you like, except for the numbers of corporations. Sometimes there will be a duplication—that is, a tax owing money under the corporations tax might also be in arrears for retail sales tax. Do you follow?

For corporations tax, there are 134 corporations listed; for retail sales tax, 53; gasoline tax, 2; motor vehicle fuel tax, 4; tobacco tax, 3.

In terms of the numbers, the proof of claim or liability, the number there in dollars is \$367,400. The recovery for these numbers is \$38,900. The actual tax loss to Ontario is \$328,500. There are similar figures for unincorporated businesses and the number of debtors is somewhat smaller. For retail sales tax, 121; gasoline tax, 10; motor vehicle fuel tax, 4; tobacco tax, 18. But the actual tax loss in thousands of dollars is \$261,200. So the total loss for all bankruptcies, whether incorporated or unincorporated businesses, is \$589,700.

Mr. McGuigan: I have a small question relating to another matter.

Mr. Chairman: Are there questions on the information the minister has just given?

Hon. Mrs. Scrivener: Would you like to have a copy of this? Now, I have another question which I think was raised concerning figures on court actions by Messrs. Haggerty and Hall, I believe our director of legal services, Mr. Stoodley, said he thought there were about 40 actions last year. That figure was a little high.

If I could just go back to give you comparisons, Mr. Chairman. For the tax year 1974-75, there were 18 cases for a total recovery of \$702,480. In 1975-76, there were

22 cases for a recovery of \$293,185. For this tax year, 1976-77, the number of cases was 35, the tax amount was \$229,900, the fines were \$105,428, for a total of \$335,328. That figure does include one case where a jail sentence was imposed involving \$82,300 in tax.

I think Mr. Makarchuk made a statement about the land speculation tax as it applied to Ronto Development Company. Mr. Makarchuk, I believe, according to Instant Hansard, said the Provincial Auditor reported to the committee tax owing by Ronto was about \$491,000. I did ask Mr. Makarchuk for some proof.

Mr. Makarchuk: That is right.

Hon. Mrs. Scrivener: Do you have that proof?

Mr. Makarchuk: Yes, I have here file three of the report made to the public accounts committee and I will read the motion passed in the public accounts committee.

Mr. Chairman: Excuse me, Mr. Makarchuk. This deals directly with the "spec" tax?

Mr. Makarchuk: Yes, I suppose if you wanted to carry it in item 6, we could.

Mr. Chairman: I would prefer to do that.

Mr. Makarchuk: As you wish, Mr. Chairman. I am very obliging tonight.

Hon. Mrs. Scrivener: The point is, Mr. Chairman, I wanted to correct the record at this point because this is all material that was recorded in Hansard and if I could, I would like to have this record corrected because I think the member made some statements in error.

Mr. Chairman: Would it be satisfactory to the committee if the minister were to put this on the record now and we can discuss it when we come to it?

Mr. Makarchuk: As you wish, Mr. Chairman, as long as we discuss it, of course.

Mr. Chairman: No problem in doing that.

Hon. Mrs. Scrivener: Do you want to give me your evidence, Mr. Makarchuk?

Mr. Makarchuk: Yes, I have it. Do you want it right now? At the direction of the chairman.

Mr. Haggerty: You should move to item 6 then.

Mr. Makarchuk: Do you want to deal with item 5?

Hon. Mrs. Scrivener: Okay. Fine.

Mr. McGuigan: Mr. Chairman, my colleagues and I recall the minister raised an important matter on the gasoline tax.

Mr. Chairman: Could we clean up item 5? Is your comment on item 5, too, Mr. McGuigan?

Mr. McGuigan: Yes, Mr. Chairman, there are a very few people operating their motor vehicles on propane or compressed natural gas. Some of it is being done on an experimental basis and some of it is on a commercial basis. I wonder what system you have for collecting the equivalent gasoline tax from them?

Hon. Mrs. Scrivener: Frankly, I have heard about propane being used only on an experimental basis and I don't have the answer to your question.

Mr. A. B. Williams: It's quite true that propane is used to power some commercial vehicles, mostly, the gas companies and a few of these canteens. We collect the 19 cents a gallon on this fuel through our collectors. It's collected in the regular fashion as if it were gasoline.

Mr. McGuigan: At the same rate as gasoline?

Mr. A. B. Williams: It's 19 cents a gallon.

Mr. Kerrio: I posed this question for another reason to the Minister of Industry and Tourism (Mr. Bennett) and that is, the burden of tax collection on fuels as implemented for small business. I was suggesting to him that, in the first instance, he relieve them of that burden. I pose the question to your ministry in this way.

As you are aware, in the construction industry it was very clear-cut a few years back that those vehicles that had licence plates and burned diesel or gasoline fuel paid what I referred to as a road tax because they used the roads and they paid the full tax. Those vehicles, and or machines that were off the road—compressors, bulldozers and so on—were allowed to make application, if the tax had been paid initially, for the recovery of such tax.

At some juncture, someone from the ministry decided that they would collect tax from those vehicles that were used in the construction and/or maintenance of a road so now the dilemma that faces a small business—and I can cite you a typical example—if we send our road grader out to clean the road for the city of Niagara Falls, we cannot recover the road use tax. The minute it leaves the road and it goes into the Carborundum or Norton Company and it's cleaning snow for a private enterprise, we are then allowed to make application and recover the tax.

What every business across the country has to do is to prepare logs of the horsepower of its various pieces of equipment and I

able to prove beyond a question, to those people who are hired by your ministry to collect the tax, that such tax is rebatable.

The question I pose is this. The man who implemented this kind of taxation must have been far removed from the scene, because I'm suggesting that not only has he burdened the small businessman with keeping a tremendous array of records but we are also spending a good portion of the tax we collect on the audit to be certain that they, in fact, conform to the regulations.

I would ask the minister if it wouldn't be reasonable to take a look at that part of the act. I think people would be very satisfied to take a uniform increase across that whole area and, in that way, have meaningful tax dollars collected, a minimum of bookkeeping for the small businessman, and eliminate much of the auditing to collect the tax.

I'd like to hear from a member of your ministry who would be in charge of making such a rule and, in fact, how it could be justified.

Hon. Mrs. Scrivener: You painted a dire picture, but I don't think it's that bad. Let me ask Mr. Williams to give it to you in greater detail.

[8:15]

Mr. A. B. Williams: Mr. Chairman, I think there's a slight misunderstanding here. The refund is available to all unlicensed equipment. If it's licensed, and it must be licensed under the Highway Traffic Act, then it doesn't matter where it operates. No refund is available. If the Highway Traffic Act requires the grader to be licensed, then no refund is available whether it works on the highway or off the highway. If the Highway Traffic Act does not require it to be licensed, then it matters not whether it works on the highway or off the highway; a refund is available.

Mr. Kerrio: If it's used working in the construction and/or maintenance of a provincial highway, it is not taxable. We can get a refund.

Mr. A. B. Williams: That is right. It's been refundable since April 1, 1976.

Mr. Kerrio: I would have to check with your auditors to make certain they understand the Act.

Mr. A. B. Williams: I will check with them too.

Hon. Mrs. Scrivener: I don't blame you. Item 5 agreed to.

On item 6; succession duty and other taxes:

Mr. Chairman: Would the minister like to read the information into the record?

Hon. Mrs. Scrivener: Yes, Mr. Chairman, and members, may I introduce Mr. Derek Rowsell, our director of the succession duty branch. He administers several other statutes as well as the Succession Duty Act.

Mr. Haggerty: What other areas besides succession duty?

Hon. Mrs. Scrivener: He does the Succession Duty Act, all the amendments that are under consideration, the Gift Tax Act and its recent amendments, the Land Speculation Tax and the Land Transfer Tax Act.

Mr. Haggerty: So that all comes under item 6 then, right?

Hon. Mrs. Scrivener: Yes.

Mr. Haggerty: Okay.

Mr. Makarchuk: The minister earlier said, dealing with Ronto, the Auditor did an estimation of what the tax would be. I just want to read into the record, there was a motion passed at the public accounts committee. The motion was moved by Mr. Peterson, that the Provincial Auditor is directed to determine how much land speculation tax would have been payable at time of sale. That motion was carried unanimously by the committee.

Hon. Mrs. Scrivener: Yes, and the operative words are "would have been payable."

Mr. Makarchuk: That's right. Naturally, they haven't paid any, so it would have been payable. The Auditor did go and do a computation. He did provide the committee with details of the computation. I'm sure the minister has that on hand. The subject is computation of the amount of land speculation tax that would have been payable by Ronto Development Company on the disposition of designated land at Brantford to George Wimpey Canada Limited. It acknowledged—so as not to get into the legalistic hassles which were bothering the committee, and still are bothering the committee, though not to the extent they were before, when the date of acquisition was to be accepted.

The Auditor accepted the same dates of acquisition as the government said they accepted. The Auditor went through all the figures and everything else, and eventually he came to the conclusion that the tax payable, 20 per cent of net taxable value, is \$493,158 that has been payable.

Hon. Mrs. Scrivener: Would have been payable.

Mr. Makarchuk: Pardon?

Hon. Mrs. Scrivener: It would have been payable, had it been due. That's the point.

Mr. Makarchuk: The whole point in the argument is of course, there was an order in council passed which exempted them from paying the tax. We questioned the validity of the order in council—not the validity or the right of the order in council to be passed; the government certainly has that right—we questioned the need for it. We questioned the validity of whether it should have been passed and all the factors involved in it.

The point is the Auditor, in his opinion, taking into account the dates of acquisition that were acceptable to the government, and taking into account the government's own Land Speculation Tax Act regulations, came to the conclusion that Ronto owes the Province of Ontario—

Hon. Mrs. Scrivener: That Ronto would have—the amount that would have been payable.

Mr. Makarchuk: Let's not quibble.

Hon. Mrs. Scrivener: No, he did not say that. I'm sorry.

Mr. Makarchuk: That's not the quibble. That's sending the goat out to tend the cabbage patch. You give them an exemption and say, "Therefore it doesn't matter what the Auditor says, what anybody says; he does not owe any tax."

Hon. Mrs. Scrivener: Mr. Chairman, on a point of order. I'm sorry, I cannot sit here and listen to this kind of a diatribe which misrepresents the Auditor's statement. Mr. Makarchuk has himself read into the record what the Auditor's statement was and it was very explicit. Now Mr. Makarchuk immediately changes the wording back to what he had last Wednesday, when he made his statement in this committee, which is an incorrect statement, and then says it's all the same thing. I am sorry, but it is not all the same thing.

Mr. Makarchuk: Mr. Chairman, I am not interested in getting involved in the semantics of this case. What I am interested in is, is the minister going to collect this tax or not? That is my concern. I think it's a legitimate tax that should be collected. I think the granting of the exemption was totally unfair, irresponsible and it throws, or it casts suspicions, on the whole level of activity in government where you practise favouritism to certain people. The whole focus of the public accounts committee was to see whether this tax should be paid. The Auditor was brought in and there were differences of opinion, no question about it. But the differences of opinion revolved

around whether the tax should be \$2 million or whether the tax is \$493,158. What I want to know if the minister is prepared to collect this tax or not? Are you prepared to rescind that particular exemption that was granted to Ronto and proceed to collect the tax?

Hon. Mrs. Scrivener: Mr. Chairman, it seems to me that the point I wanted to make originally at the beginning of this meeting was to correct a statement which was a misstatement, which reposed on the Hansard record. Mr. Makarchuk has done that by reading to this committee and into the record the Auditor's statement. As to payment of a tax by Ronto, that has been dealt with at great length by another committee of this Legislature. It has been even further gone into by a judicial inquiry, held by Mr. Justice Cromarty. I think it is no longer properly the business before this committee now as to the payability of this tax. The argument at this point with Mr. Makarchuk is simply a stand-off. I would submit that it doesn't belong in this arena for debate.

Mr. Makarchuk: Mr. Chairman, I think it belongs very much to this arena. We are dealing with the vote of the land speculation tax and certainly it's very much in this area for discussion regardless of what the minister says and as I understand it now at this time, the minister is not prepared to collect the tax. Is that correct?

Hon. Mrs. Scrivener: I did not say that. I just said that it does not belong in this arena at this point.

Mr. Makarchuk: I suggest that that will be for the chairman to decide, not for you, unless you are the chairman of this committee.

Hon. Mrs. Scrivener: I think that you wanted to raise this again. I believe you have through the public accounts committee, and that is the arena in which you are operating now.

Mr. Makarchuk: For the minister's information, the public accounts did pass a motion to the effect that the tax should be collected. That report will be going in when the report of the public accounts is filed. At this time, I am concerned about the way the minister's department treats certain matters under that piece of legislation. I again feel that there was favouritism involved, that certain people seem to have the ear of the minister or seem to have more influence in Ontario than other people—

Hon. Mrs. Scrivener: On a point of personal privilege, Mr. Chairman, I think

would like the member to retract the statements.

Mr. Makarchuk: I will retract it, that the minister was not involved at that time. In general I meant that the minister who was in power at the time—

Hon. Mrs. Scrivener: I think the member should retract that statement—

Mr. Makarchuk: —when this particular transaction was being processed.

Mr. Chairman: If the member cast any aspersion on the minister, then he should withdraw. I detected by the last statement that you are saying the minister wasn't the minister when this happened.

Mr. Makarchuk: That is absolutely correct. This minister is not directly responsible, but I am criticizing—

Mr. Chairman: If I may say so, there has been some comment as to whether this matter should be discussed under this item. Item 6 does deal with the speculation tax, among other taxes, such as the succession duty tax. Whether the discussion or not is going to be very productive is I suppose a question; but as to the member's right, I would say the member has the right to raise the matter. It certainly comes under the speculation tax branch.

Hon. Mrs. Scrivener: Mr. Chairman, I would point out that Mr. Justice Cromarty dealt with impropriety, and I would think that the subject of favouritism would come under that heading.

Mr. Chairman: As I understand it, the member mentioned the matter of favouritism, although I gather that is not the point he is pursuing.

Mr. Makarchuk: No, that is not the point.

Mr. Chairman: He wants to know whether or not the government is going to change its mind with respect to collecting the tax. Is that right?

Mr. Makarchuk: That is exactly the point.

Mr. Chairman: That point can be pursued, and if the member wishes to do so, he is in order. If he pursues the other tack, he is out of order.

Mr. Makarchuk: Yes. What I want to—

Hon. Mrs. Scrivener: At this point, Mr. Chairman, as far as I am concerned, this matter is closed.

Mr. Makarchuk: As far as I am concerned—

Hon. Mrs. Scrivener: As far as the Ministry of Revenue is concerned, this matter is closed.

Mr. Makarchuk: From that, I take it that the minister is not prepared to rescind the

exemption that was granted to Ronto and she is not prepared to collect the tax.

Hon. Mrs. Scrivener: The matter is closed.

Mr. Warner: No matter what the public accounts committee decides?

Mr. Makarchuk: No matter what anybody decides.

Hon. Mrs. Scrivener: That's an entirely different matter. It's a different arena, a different subject—

Mr. Warner: So unless they force you—

Hon. Mrs. Scrivener: Whatever public accounts decides is its business, and the Legislature will be guided accordingly. But as far as the Ministry of Revenue is concerned and as far as I am concerned as the minister, the matter is closed.

Mr. Makarchuk: For the record, I think we have to make it clear that the Provincial Auditor was ordered by the public accounts committee to investigate this matter and to come up with his own computation. He did come up with a computation. If there was no tax payable, he would have said there was no tax payable.

He looked into this and, assuming all the dates of acquisition and so on that the government accepted—and he accepted the same ones—he still came to the conclusion that the tax would have been \$493,158.

If the minister refuses to collect the tax after one of our senior civil servants says that is what the tax would have been, it brings into question the whole sort of validity of her operation. It casts a cloud on the operation of that ministry.

Mr. Walker: The member can't say that.

Hon. Mrs. Scrivener: Mr. Chairman, I must object to this line of discussion and the words that the member is using. He seems to be implying that there is some impropriety as far as the management and decision-making in the ministry is concerned, which in my view comes under the whole matter of the phrase "undue influence."

I repeat my earlier assertion: This was dealt with by Mr. Justice Cromarty and I think has been settled once and for all. I don't know how many times you can keep going over the same argument.

Mr. Walker: I don't know how Mr. Makarchuk can say that anyway, Mr. Chairman, because the public accounts committee gave the Auditor an assumption. They said, "Assume that it was payable and go make a computation." Now Mr. Makarchuk comes in and says, "Because he came back in with a figure on the basis of the assumption, I now blame the ministry for not collecting it."

There is something strangely wrong in reasoning. I don't understand that.

Mr. Makarchuk: The Auditor was not told, Mr. Chairman. I don't imagine the Auditor is the kind of person who would take that kind of an instruction—to assume there is a tax and assume that—

Mr. Walker: That's what the public account committee said to him.

Mr. Makarchuk: No. That's not what the public accounts committee said. The public accounts committee asked the Auditor to investigate whether tax was payable and, if so, how much—

Mr. Walker: If! If!

Mr. Makarchuk: That's right. That's exactly it. And if there was no tax payable, then the Auditor certainly would have reported back to the public accounts committee.

Hon. Mrs. Scrivener: No, he wasn't instructed to do that.

Mr. Hodgson: The question was, if it was payable, how much it would be?

Mr. Makarchuk: That's right. If there was a tax payable, then it would have been so much. And the Auditor did bring that back to the public accounts committee—

Mr. Hodgson: You are flogging a dead horse, Makarchuk.

Mr. Makarchuk: It may be a dead horse as far as the government is concerned; it is certainly not a dead horse as far as a lot of other people are concerned. If this government is going to show any objectivity and fairness in terms of collecting taxes, I would suggest very respectfully that it treat all taxpayers in Ontario equally at all times.

Mr. Walker: Mr. Chairman, all the Auditor did in this case was to destroy this bandied-around, totally misleading figure of \$2 million the NDP was going around castigating everybody with. He totally disproved that and came in with a figure that was virtually 25 per cent of that.

Mr. Hodgson: If it would have been payable.

Mr. Walker: And even that was on an assumption.

Mr. Makarchuk: No, there were no assumptions at all.

Mr. Hodgson: When he wanted a good lawyer, he went to the same lawyer as Ronto had, eh?

[8:30]

One of my constituents is very concerned. I would like to know more about the gift tax, and I'm sure he would too.

My understanding is that a once-in-a-

lifetime gift is up to \$75,000. This particular person had his property expropriated on two different occasions, then he wanted to give \$75,000 as a gift to the son to buy another farm. It has been disallowed. What are the guidelines as far as the gift tax is concerned?

Hon. Mrs. Scrivener: Anyone can make a gift to a child or a relative of up to \$10,000, but can't make gifts of more than \$50,000 in any one year. There is no limit, as I understand it, between spouses. Mr. Rowsell, would you like to amplify please, in response to Mr. Hodgson's question?

Mr. Rowsell: There is no gift tax payable on any amount passing between spouses. As far as the farming deduction is concerned, provided the asset that is given is a farming asset within the definition in the Act, provided it goes to a person who—

Mr. Hodgson: Let's clear up what the definition of a "farming asset" is.

Mr. Rowsell: It does not include cash. Your problem was, I understand, that the property was expropriated. There was cash received, then an attempt made to make a gift of cash. That would not be a farming asset within the meaning of the Gift Tax Act.

Mr. Hodgson: No. That is not the problem.

Mr. Rowsell: I'm sorry.

Mr. Hodgson: This person's farm was expropriated.

Mr. Rowsell: Yes.

Mr. Hodgson: So they went out and bought another farm and he didn't particularly want to be the owner of that farm. He would like to pass it on to his son as owner of the farm. His understanding was that a once-in-a-lifetime gift was \$75,000, if you're a farmer. Now that has been disputed by the Minister of Revenue, who says that it's not legal. They have to be assets, not real farm property, that he can apply the \$75,000 to.

Mr. Rowsell: No, that's not correct. If you could give me some details, I'd be very glad to look into it.

Mr. Hodgson: You are saying it's not right.

Mr. Rowsell: Right.

Mr. Hodgson: The ministry says it's not right. I'm glad to hear you say it's not correct, because I'll take this message back to him tomorrow and say he can apply that \$75,000 once-in-a-lifetime gift in buying a farm—his son can.

Mr. Rowsell: I'm sorry. I've lost you again, there. What is the subject matter of the gift, Mr. Hodgson?

Mr. Hodgson: The subject matter of the

gift is that the father wants to give the son \$75,000 as a once-in-a-lifetime gift.

Mr. Rowsell: Right: Is that a gift of cash?

Mr. Hodgson: And he wants to apply it to buying a farm property.

Mr. Rowsell: That is not a farming asset. That's a gift of cash, if I understand what you're saying.

Mr. Hodgson: You are saying this has got to be farm assets that he's got to give, not farm property. How are you going to get farm assets if you haven't got a farm to put them on?

Mr. Rowsell: Farming assets include farm property, which is land, farm equipment, cattle, ordinary equipment on the farm; it does not include cash. In other words, you cannot make a gift of cash for that person to buy a farm. It has to be a gift of actually identified farming assets within the definition.

Mr. Hodgson: The father, or the mother or whatever the case may be, has to buy the farm first, then give him a gift of \$75,000?

Mr. Rowsell: If he did, then that would qualify as an exempt gift under the Gift Tax Act.

Mr. Hodgson: This should be taken a second look at. It's a very cumbersome way for a son to acquire a piece of property if the father and mother want to give him \$75,000.

In the area in which I live it's very difficult for a farmer to buy a farm. That's a good down payment, but it's not the price of a farm. Don't you think this should really be given a second look.

The father's not interested in owning another farm. He's served his days as a farmer. But he would like to see his son carry on the farm, so he wants to give \$75,000 to the son to go out and buy a farm. But you say he can't do that. He has to buy the farm, then give the farm back to his son.

Mr. Rowsell: No, it is not possible to do it the way the Act is written at the present time. I think the information you were given is correct.

Mr. Hall: How about forgiving a mortgage?

Mr. Hodgson: What difference does it make? You have forgiven a mortgage. The son is anxious to become a farmer and stay a farmer. Under this regulation the father is not going to buy the farm and go into debt for so many thousands of dollars, but he would like to be able to give a gift to his son or daughter of \$75,000. You are telling

me that a father or mother has to buy the farm first, after that he takes full responsibility for whatever mortgages are due. The son can then give him so many cows and so many horses or so many tractors for \$75,000.

Hon. Mrs. Scrivener: There are very specific parameters for cash gifts. For an agricultural transfer of that nature the statute changes again. In any case, I think you have provoked me a little bit. We will look into it and review it.

Mr. Hodgson: I didn't mean to provoke you.

Hon. Mrs. Scrivener: You have. You have aroused my curiosity.

Mr. Hodgson: That's different from provoking.

Mr. Makarchuk: She wants to give away \$75,000.

Hon. Mrs. Scrivener: We'll just look into this and see what provisions there are. It gets a little complex.

Mr. Hodgson: I think what I should do is bring these people in to your ministry for a discussion, to see if there isn't some way of resolving it.

Mr. Makarchuk: Like the Ronto case where they also bring people in.

Mr. Hodgson: That's a very awkward way to handle a once-in-a-lifetime gift, where a young person is involved. We haven't got many young people who are interested in farm operations any more. They are very expensive operations.

Hon. Mrs. Scrivener: I know that. It's big business.

Mr. Haggerty: I want to ask the minister a question related to the land speculation tax. I would like to have a definition of what they mean in the Act by recreational land. I happen to represent an area that includes a number of miles of shoreline property. Much of the land has been owned by Americans. Now it is up for sale. They want to sell it. If a Canadian wants to buy it, he has to pay the 20 per cent land speculation tax, which really is debatable. Many of these homes are permanent homes today that are well constructed with beautiful lots. I think the purpose of the land speculation tax was that it would permit Canadians to buy back some of the land. In this particular instance, it is causing more difficulties. In fact, it is discouraging them from trying to buy it. What do you mean by recreational land?

Hon. Mrs. Scrivener: We did review and identify very clearly what we meant by rec-

reational land when we were doing the amendments this spring. I think the only area that is a little bit grey, and that is being ironed out, too, has to do with tourist camps. Mr. Rowsell, can you give us the legal definition, please?

Mr. Rowsell: I don't have the legal definition, but I think I know the problem. The new definition we gave to unrestricted land permitted land that was used for commercial purposes to be purchased at the lower rate of tax. Any land that was used for recreational purposes was not exempted or was not considered within that definition. Where you have tourist camps, for example, they are a mixture of commercial use and recreational use. The difficulty we had and we are still having, although we are working on it now, is that some recreational properties have a very marginal commercial activity but a great deal of land.

Others may have substantially less land but a substantial commercial activity. It is a matter of trying to come to grips with what it is exactly we want to permit to be purchased at the lower rate of tax. As the minister said, we are working on this now because we are getting a lot of representations from people who are interested in this.

Mr. Haggerty: In other words, what you are telling me that the recreational interpretation of the Act does not apply to cottages or lakefront property then. I am talking about where a home is constructed along the lakeshore.

Mr. Rowsell: Yes, that would be recreational property.

Mr. Haggerty: Why would it be, now? There are some areas along Lake Erie one can't even swim in. There are rocks. It's well polluted. I can't put up with the odour that comes off that lake. I don't know why people want to buy along there, to tell you the truth.

Mr. Rowsell: The determination in all these cases is made by our own assessment division of the ministry.

Mr. Haggerty: Do you consult with anybody before you make a decision?

Mr. Rowsell: Always.

Mr. Haggerty: Have you consulted with anybody in that particular area, and whom?

Mr. Rowsell: In what area, sir?

Mr. Haggerty: From Fort Erie to the Grand River, let's put it that way. I'm covering a broad area.

Mr. Rowsell: Not specifically. The mechanics of this is for the purchaser to take his deed into the assessment office in the region where the land is. The determination

is made then as to just how exactly the land is assessed. If it is assessed recreational, for example, then the stamp can not go on which will permit the lower rate of tax.

Mr. Haggerty: If a land is assessed for recreational?

Mr. Rowsell: Yes.

Mr. Haggerty: Yet you can have persons build a cottage or a home along the river and it is the same as if it were beside a lake yet it's not classed as recreational. I just can't figure out your soundness of making it this way.

Mr. Rowsell: It is a difficult determination to make. In many cases, for example, you have winterized properties, where people are living on the property for a fair part of the year. They may even look upon them as their residential properties. A determination has to be made and I think it's made on the basis of the primary use in the area. It is difficult and we are looking at it, because it is causing some problems.

Mr. Haggerty: It has, in this particular area. It has stopped a number of sales to be completed for this reason. I don't sympathize, in a sense, with some of the Americans who own the property there because many times a property is sold there and they request the payment in American funds. I have some views on that particular area. If you're looking at today's money exchange, at about 10 per cent premium it can add up to quite a few extra dollars to them. When I look at the land speculation tax, I do not say it should apply in this particular area; it is the person who buys it who suffers. It is a land speculation tax and in other words, you are permitting the seller to gouge the purchaser, and you make the profit, which is wrong.

Mr. Rowsell: I don't follow your reasoning there.

Mr. Haggerty: You're inflating the land values. You're in there to get your rake-off, which shouldn't be. Any person buying any property today has a hard enough time paying for it, without the ministry stepping in to ask him for 20 per cent on that property. It's another case where the government stepped in and added increase to market value of assessment, which is wrong. You fellows can walk in and take 20 per cent.

Hon. Mrs. Scrivener: That is the point of the Act; we're trying to inhibit that kind of land sale.

Mr. Haggerty: But you don't give it back to the person who is being gouged. That is the whole problem. You're sitting back reap-

ing the profit, 20 per cent of the sales, which is wrong.

Hon. Mrs. Scrivener: But you've already said that there are about 20 sales that were not completed. Perhaps that is an indicator of the success of the intent of the Act.

Mr. Haggerty: Yes, but the land sits idle and nobody has a chance to get in to purchase, while you could have a Canadian in there buying.

Mr. Hall: On the subject of succession duties, I'd appreciate it if I could be advised how many staff members there are in this section.

Mr. Rowsell: There is 120 total complement for the branch. I think about 50 per cent of our resources are on speculation tax and land transfer and 50 per cent on succession duty and gift tax, I would think.

Mr. Hall: Roughly 60 people on succession duty.

Mr. Rowsell: Yes.

Mr. Hall: Do you have any statistics you could share with me as to the number of cases that you process annually?

[8:45]

Mr. Rowsell: It's about 45,000 returns a year.

Mr. Hall: Could you advise me what the average time of completion is?

Mr. Rowsell: No, I couldn't do that, sir. Ninety-seven per cent of all estates now are exempt from tax and if they are routine, then they're in and out of the office, I would say, in less than a week. If they're taxable, then it can be anywhere from, say, a month to years; it depends on the complexity and the problems that may be in any particular estate.

Mr. Hall: How many property appraisers are there in that staff complement of 60?

Mr. Rowsell: None.

Mr. Hall: How do you get a judgement on property in an estate, though, or involving a business?

Mr. Rowsell: We have business appraisers and there are four. Property appraisers, real estate, that is done through the assessment division of the ministry. They act as our valuers for succession duty purposes.

Mr. Hall: On a market value basis, or on what basis?

Mr. Rowsell: Market value. Value at the date of death.

Mr. Hall: Market value of the particular building, for example?

Mr. Rowsell: It would be the market value

of the asset which would be real estate presumably—lands and buildings.

Mr. Hall: Yes. You say 97 per cent of estates in Ontario are free of succession duties now?

Mr. Rowsell: Yes, they are.

Mr. Hall: Possibly the minister would advise me whether she plans to move to 100 per cent?

Hon. Mrs. Scrivener: I think that it is the long-range policy that ultimately succession duty taxes will be phased out as our capital income tax rises.

Mr. Hall: As the personal income tax charged by the province you mean?

Hon. Mrs. Scrivener: No, capital gains. As one rises, the other will diminish. I don't think we intend to stay in succession duties in the long term.

Mr. Makarchuk: That is known as distribution of income to the rich.

Mr. Hall: I notice that in the current year you're forecasting \$62 million in succession duties.

Hon. Mrs. Scrivener: We're never sure, Mr. Hall.

Mr. Makarchuk: Not a regular crop.

Mr. Hall: I can appreciate there's a certain amount of uncertainty in that subject, but it's eventually yours, though.

Mr. Hodgson: What are you, Mac, a capitalist or otherwise?

Mr. Chairman: Order.

Mr. Hall: In the matter of the number of cases, 45,000 a year, this is the total sum. Ninety-seven per cent of those attract no tax, is that what you're saying, sir?

Mr. Rowsell: That's right.

Mr. Hall: Do you feel you're sufficiently staffed to handle the cases where tax is attracted? I have heard concerns about the length of time taken. I recall when my own father died three or four years ago—I wasn't in government—but I was quite impressed by the pile of paper that the young man had on his desk down at Grosvenor Street and was not so impressed by the speed and alacrity that things happened. Maybe that was a bad month or a bad year or something, but it seems to me that they are overloaded.

Mr. Rowsell: I don't think they are, sir. I am aware of what they are doing each day. I was an assessor for a number of years. I don't think they're overloaded. I think that the service on the whole is good. We're dealing with perhaps 15 or 16 assessors, all of whom work at varying speeds and all of whom are capable of varying amounts of

work, but I don't think they are overloaded. I think our turnaround time is satisfactory and any complaints certainly come to my attention. I don't think there are that many.

Mr. Hall: You say there are 15 or 16 assessors that actually—

Mr. Rowsell: That actually do the assessing of the estates.

Mr. Hall: What do the other 45 people do then?

Mr. Rowsell: They are support—for example, the issuing of consents, the number of that kind of support service in the branch. I would have to allocate, for example, part of the filing staff. I've attempted to allocate the whole 120, but they're not all technical staff.

Mr. Hodgson: Speculation tax applies generally to farm properties and resource properties? Is that right? How much revenue is derived from speculation tax? That is my first question. The second question is how much is it costing the province of Ontario to collect the speculation tax?

Hon. Mrs. Scrivener: I think I can answer the first. I am not so sure about the second. Under land speculation tax, the Treasurer (Mr. McKeough) was forecasting we would probably take in about \$9 million for the fiscal year.

Mr. Hodgson: Could you estimate how much it costs to collect the \$9 million?

Hon. Mrs. Scrivener: That would be very difficult. It is just part of the branch in terms of the overhead. It would be one-fifth of your budget?

Mr. Rowsell: I am not sure. I don't have this figure.

Mr. Hodgson: Well, let's come at it another way. How many employees are collecting the speculation tax?

Mr. Rowsell: I would allocate about one-half of the staff.

Mr. Hodgson: I don't know what the whole staff is. It would be hard to estimate what one-half of the staff is.

Mr. Rowsell: The whole staff is 120. One-half of the staff would be 60.

Mr. Hodgson: Sixty. You could multiply that by what, \$20,000 for each employee, for salary and expenses? It is costing \$12 million to collect it and we receive \$8 million?

Mr. Rowsell: No.

Hon. Mrs. Scrivener: What did you say, Mr. Rowsell? A hundred thousand dollars?

Mr. Rowsell: I think it is about \$7.50 per \$100.

An hon. member: Holy mackerel.

Mr. Hodgson: I was waiting for an answer. They have got to have an estimate, anyway.

Hon. Mrs. Scrivener: Mr. Rowsell is guessing it might come out at the rate of about \$7.50 per \$100 raised in tax. That is a guess-timate.

Mr. Hodgson: Seven dollars and 50 cents per \$100 to collect.

Hon. Mrs. Scrivener: Right off the tops of our heads.

Mr. Makarchuk: You can make \$92.50 net. The bottom line, you know?

I just want to ask the minister, perhaps, if she had made any change of mind about Lynden Hill Farms and is she planning to collect the speculation tax in that particular transaction?

Hon. Mrs. Scrivener: I think you raised this question with me, before.

Mr. Makarchuk: Yes, but I am persistent.

Hon. Mrs. Scrivener: Well, my answers are the same.

Mr. Makarchuk: You are not collecting that tax. Fine. I don't mean "fine" in the sense—

Hon. Mrs. Scrivener: I did not say that. I am sorry, you are putting words in my mouth.

Mr. Makarchuk: I agree with you. I am just trying to find some definitive answer out of the minister for a change. On the land transfer tax, could the minister indicate who makes the decision to disallow the tax in various land transfers or land sales? There are certain companies who will get an exemption on the basis they are going to go into housing, or provide needed jobs et cetera, in which case the tax can be lifted. Who makes that decision? Does it rest with you?

Hon. Mrs. Scrivener: Yes, it is ministerial authority.

Mr. Makarchuk: Ministerial authority. On what basis do you make that decision?

Mr. Haggerty: On Judge Cromarty's saying on it.

Hon. Mrs. Scrivener: There are a number of factors weighed and my staff give me a fairly broad outline of the information attaching to any one particular case and the whole matter is discussed. If the exemption appears to be within the purview of the ministerial authority, it is granted.

Mr. Makarchuk: Have you refused any requests for the elimination of the land transfer tax?

Hon. Mrs. Scrivener: Oh yes, I believe so.

Mr. Makarchuk: How many would you say?

Hon. Mrs. Scrivener: Basically, the majority of applications are requests which are within the regulation or whatever and so there is very little reason to get into a refusal position. The preliminary discussions kind of weed them out.

Mr. Makarchuk: Would you be able to give us an idea how many you have rejected?

Hon. Mrs. Scrivener: I haven't any idea.

Mr. Makarchuk: You must have some records somewhere.

Hon. Mrs. Scrivener: No, I don't keep any record of things like that.

Mr. Makarchuk: Does anybody keep records in Revenue? That's a very sad reflection of your department that the tax department doesn't keep records.

Hon. Mrs. Scrivener: It's really very funny, Mr. Makarchuk, the way you come around at these things in such a circumlocutious way.

Mr. Makarchuk: You said you didn't keep records. I was just curious.

Hon. Mrs. Scrivener: No, I didn't say that. I, personally, don't keep records.

Mr. Makarchuk: And you don't know how many times you've rejected applications?

Hon. Mrs. Scrivener: No.

Mr. Hall: There's one question I have, Madam Minister, on the subject of forgiveness of the land transfer tax to foreign-owned companies. The regulations call for payment of 20 per cent land transfer tax. You said these are circumstances under which, for good and valid reasons, the ministry decides to waive the collection of that tax. Could you just expand a little. What are the criteria you use in deciding when a person shall earn an exemption?

Hon. Mrs. Scrivener: Basically, it hinges on residency and citizenship.

Mr. Hall: I'm talking about a foreign-owned corporation.

Mr. Rowsell: Yes, this problem has almost disappeared since the definition of unrestricted land came in because that permits the purchase of land that is zoned commercial-industrial and is used for those purposes. So land that is now acquired by any purchaser that is used for those purposes may be purchased at the low rate. Therefore, these kinds of cases no longer come before us. The only time we really see applications now is where zoning changes may be required, which is the only impediment to a low rate anyway.

So I'm not seeing those kinds of cases any more.

Mr. Hall: I'm not so certain I follow you at this point. Without pursuing exactly Mr. Makarchuk's line of questioning, when I was on the public accounts committee it seemed to me the corollary to this problem was the fact that Wimpey Canada Limited, a foreign-owned corporation, had been granted exemption from the land transfer tax, separate from the land speculation tax, on the basis of their proposal to build housing.

Mr. Rowsell: It's not an exemption, it's a deferral. The tax is still payable.

Mr. Hall: All right, let's talk about deferral. What are the grounds for deferral then, if I'm using the wrong term?

Mr. Rowsell: It's a deferral in the sense that we hold security for that tax. If Wimpey doesn't meet its commitments, then we will collect tax.

Mr. Hall: What sort of collateral do you hold in a case like that?

Hon. Mrs. Scrivener: One hundred per cent.

Mr. Hall: I asked what, though.

Mr. Rowsell: I'm not sure in that particular case, but it's either in the form of a letter of credit for the difference in the tax between the lower and the higher rate, or a mortgage or lien on the land. It's mainly a mortgage.

Mr. Hall: How many instances of deferral are there? Does this continue nowadays? What are the rules for deferral?

Mr. Rowsell: It still continues but the numbers are now nothing like what they were. For example, builders who are buying land for housing zoned in that way, buy at the low rate anyway. We just are not seeing them. But if a company is purchasing land that may be now, for example, agricultural and require a zoning change, we may well see that. They are very few and far between.

Mr. Hall: You're suggesting in almost every instance the land is now properly zoned before they acquire it?

Mr. Rowsell: I wouldn't put it in those words. That may be true. They're buying land that is already zoned for the purpose they intend to use it for. If that's the case, then there's no requirement to approach us for a deferral.

Mr. Hall: And the deferral is granted on the basis of a certain set of conditions which the ministry and the applicant agree to, and is protected by a negotiable, collectable collateral?

Mr. Rowsell: Yes.

Hon. Mrs. Scrivener: It's covered by a binding undertaking.

Item 6 agreed to.

[9:00]

On item 7, retail sales tax and other taxes:

Mr. Ashe: I have a question to the minister. A week or so ago, there was an article in the Toronto Star on a report from the Scarborough treasurer to council. Something had kind of backfired in the collection of sales tax. It's a very short item, so maybe I could read it.

"Plan To Save on Tax Backfires by \$18,500.

"An attempt by Scarborough Treasurer Roy Arnold to save the borough some money has backfired. Arnold invited auditors from the provincial sales tax branch to see whether the borough was paying too much sales tax on some items.

"The auditors found that the borough had indeed paid \$6,200 too much tax on some items. However, they also found areas where the borough should have paid an extra \$24,700." They must have got direction, Mr. Chairman, from one of their members sitting on the other side there.

"The difference of \$18,500 will have to be paid by the borough. About \$3,800 of the balance due will be assessed to the Scarborough Board of Education, since some of the borough's services are used jointly, Arnold said.

"Arnold told board of control he thought a rebate from the province would be forthcoming when he asked for the audit, 'but I guess it backfired.' The borough has to pay tax on such things as printing supplies, ready-mixed concrete, gasoline and items it sells, such as souvenirs."

Madam Minister, my question really is: When a taxpayer, such as was instigated here, requests a refund, does the ministry normally make it a practice at the same time of looking for overpayments to offset the refund claim—and does this kind of thing normally happen, or is this really an exception that happened to backfire on the borough of Scarborough?

Hon. Mrs. Scrivener: Actually that was a happening and I think that on balance—there's another part to that story—Scarborough is money ahead. But the basic objective of a ministry audit is to ascertain whether there is an underpayment of taxes. That's the purpose, and we will look for underpayment of taxes. If we find an overpayment, we're pretty fair about that. They'll get a rebate.

In the case of Scarborough, the borough

treasurer had requested us to audit the borough's books to identify not just areas of overpayment, but also areas of underpayment. In other words, I guess there is always some uncertainty. Anyway, I think it's only natural that as a conscientious and responsible taxpayer the borough would be concerned that it was paying the proper amount of tax to us.

In this case, the borough ended up owing us money, but it might just as easily have happened in reverse. Over a period of time I think Scarborough have a plus in terms of their total payment to us.

Mr. Ashe: You've had other instances, then, where it was the other way around?

Hon. Mrs. Scrivener: Yes.

Mr. Ashe: Also related to retail sales tax?

Hon. Mrs. Scrivener: Yes. Well, sometimes there is an interpretation, or something is arguable, and a ministry official comes in and determines whether that is a taxable item or not. The point that you've raised is applicable to a lot of municipalities.

Mr. Ashe: That was really my next question: Is there a policy to "assist" a municipality regularly in this way, in any regular pattern?

Mr. Warner: Only when requested.

Mr. Gibson: I think there are about three questions that require answering. Your first question was whether or not we do an audit when processing a refund. Ordinarily, we don't. A refund is treated as a refund. We audit the refund thoroughly. Our audit program is treated separately.

In the case of Scarborough, the treasurer was a conscientious taxpayer. He asked for an audit to assess their total tax picture, and we did it. I think his anticipation was that they had overpaid tax. As it happened, it was the other way around.

I think the other situation with regard to Scarborough is that it's a large organization. They had been processing regular refunds in an area that they well understood, that wasn't terribly complicated, and this refund was audited under the regular process. The audit was done in order to give him a total picture of where he stood with regard to us and with regard to sales taxes. Quite properly we gave him a balanced picture, the debits and the credits, and in this case the debits exceeded the credits.

Mr. Ashe: One last question: Is there any regular audit to assist municipalities or only on request?

Mr. Gibson: No. We have encouraged municipalities to come to us. This has been done through numerous publications and

through seminars with municipal people, and as far as we are concerned we only want to see the municipalities pay the correct amount of tax. If we can help them we are only too happy to do so.

Mr. Ashe: I'm quite sure you still haven't answered my question. You have encouraged them to ask. But what if they don't ask?

Mr. Gibson: I think quite properly, given reasonable resources, we can't go out to every business organization or public organization in Ontario and solicit their problems. It is just an impossible task. We rely on our invitation to them to seek assistance from us and to the best of our ability we provide it.

Mr. Ashe: So the Scarborough situation, in your opinion then, is unique. What I am really saying is that here is one municipality—albeit a large one and there are not that many any bigger in the province—if they ended up owing \$18,000, maybe the majority of similar-sized municipalities, proportionately bigger or smaller, also owe the province of Ontario money. I guess that is really what I was asking you in a roundabout way.

Mr. Gibson: That is really not helping the municipalities. That's putting them in the context of a regular audit program. They, like any other business organization, are audited in accordance with our assessment of their behaviour in the past, and their liability for tax. They are like any other business organization or any other organization that is liable for tax.

Mr. Ashe: I know that the borough of Scarborough has a sophisticated finance setup and it made mistakes so I am sure there are other municipalities, albeit smaller municipalities, that aren't as sophisticated and quite conceivably could have made more mistakes.

Mr. Gibson: Our system of taxation is a self-assessment system, and we anticipate that everybody will attempt as far as they can to comply with the law and particularly local authorities. There is no particular advantage in not complying with the law. We assess them and we audit them where we find the tax hasn't been paid.

Mr. Chairman: I might just remind the committee that we have 26 minutes left for consideration of these estimates and we still have two important votes.

Mr. Warner: Is the order paper wrong?

Mr. Chairman: It is not the chairman's job to allocate the time but I wanted to draw that to the attention of the committee.

Hon. Mrs. Scrivener: We had an hour and 20 minutes remaining at the end of Wednesday.

Mr. Warner: Yes, I was just going by the order paper.

Mr. Chairman: We had an hour and 35 minutes remaining.

Mr. Haggerty: I wanted to discuss the matter of the sales tax with the minister. Is she contemplating any changes in the sales tax such as reducing the sales tax to create employment and to provide some incentives to our lagging economy?

The Treasurer (Mr. McKeough) made an announcement not too long ago that he would suggest lowering the retail sales tax by two points if the federal government reimbursed Ontario.

That was a generous comment for him to make. I mean, isn't he man enough to take the responsibility himself? Or does he have to look to the federal government? I suppose that if the federal government was involved in provincial retail sales tax you'd be up in arms hollering, "This is not your right."

Hon. Mrs. Scrivener: Well, Mr. Haggerty, I would suggest you use your own words that the Treasurer is certainly man enough to undertake—

Mr. Haggerty: Well, he hasn't shown it yet.

Hon. Mrs. Scrivener:—anything that benefits the treasury of Ontario and Ontario finance. The point is, Ontario couldn't afford to drop the sales tax two points.

Mr. Haggerty: You did it two years ago, in 1975.

Hon. Mrs. Scrivener: The economic climate in Ontario was a little different then.

Mr. Haggerty: This was an election, if I am not mistaken. That's right. They had the courage then to go to the public with a two per cent reduction.

Hon. Mrs. Scrivener: I think the economic climate in Ontario two years ago was a little different from the economic climate at the moment. In any case, he made the proposal at the finance ministers' conference in Ottawa and his proposal fell on deaf ears—

Mr. Haggerty: It has fallen on deaf ears in the province of Ontario too.

Hon. Mrs. Scrivener:—so I think the sales tax will remain constant, at least for the time being.

Mr. Haggerty: The public isn't going to buy that nonsense, that's for sure. And that's all it is.

Hon. Mrs. Scrivener: I think the public understands very well we still have to pay our bills.

Mr. Haggerty: Pardon?

Hon. Mrs. Scrivener: I think the public understands it very well.

Mr. Walker: I wanted to raise with the minister a matter involving retail sales tax and what I consider a very serious and severe travesty of justice that occurred with a constituent of mine. It goes back to the relief of sales tax brought in in 1975 and the collection methods of the sales tax department. The matter involves a constituent who participated in the experience of buying one of these cars and getting relieved of the sales tax in 1975. The constituent had to take advantage of this before the end of 1975, before December 31, in order to get the benefit of the relief of the sales tax.

This constituent bought her car on December 11. Signing her cheque, she was 20 days to the good and had lots of time to get it. Somewhere in that period her cheque was cashed and December 16 the contract was written and accepted by the Chrysler company in Cambridge—Galt Chrysler, or something, I think it was called. December 23 she placed the insurance on the car and Christmas Day she was driving the car. But regrettably, the company did not transfer the ownership until sometime in January, some 19 days into January I believe.

There's no doubt the company was at fault. What I consider to be the impropriety here, is the ministry is attempting to collect the money from this unfortunate lady who was totally innocent and is now having to respond to the good graces of the sales tax people, who are suggesting she can take all the time she wants to pay it, but it's at eight per cent interest, from the date.

It seems to me the people the ministry should be going after are the dealers. I have two cases of this. Another one involves a dealership in London, where the dealership is prepared to admit to the error and say, "Come to us, if you're going to blame anyone, but don't go to the person who bought the car. It's not their fault; it's our fault." The ministry will not go after the people who are legitimately responsible, but rather, have sought out the totally innocent individual for the benefit of their claim. I think this is entirely wrong. They should be going after the dealer. After all, the dealer is the one who collects the money for you in the first place.

Hon. Mrs. Scrivener: But the dealer is not the one who receives the money on the rebate program. I have to say your story has a happy outcome. At least I can tell you that at the very beginning.

Mr. Walker: She's been let out of jail now and she's allowed to work for half the money.

Hon. Mrs. Scrivener: The fact is, the lady who purchased the car made the application for and received the automobile rebate. She received the money. Both she and the dealer were told the car had to be registered by that date of December 31. In her case, I think she did everything properly in the belief her car was being registered. Through no fault of her own the dealer did not register it until after December 31. He defaulted and there were some other dealers who did the same thing.

This is not properly the ministry's business. We have no control over the dealers in that sense, so we have to ask for the cheque back from the person who received it. We have had instances when dealers discovered from their clients that the late registry had a painful outcome, and the dealers made good on the cheque.

[9:15]

I had the pleasure of signing a letter to you this weekend, I'm sorry you haven't received it yet, telling you that the dealer has paid that money on behalf of your constituent and has apologized to her for the inconvenience to her. The whole thing is quite properly done. There were dealers who were so punctilious, and are apparently routinely so punctilious about their registrations, that they register cars on the same day the car is sold; this is super efficiency.

We had one embarrassing incident when a dealer tried to register a car at something like 4:30 on December 31, only to discover the office had closed down early because it was New Year's Eve. I think that in that case the appropriate ministry is probably responsible for that and an adjustment will have to be made. But in the case of your constituent, the dealership has paid on her behalf and has apologized, because they understand they were in the wrong.

Mr. Walker: I think that's a very happy outcome. I still think, however, the problem lay in going after the innocent party. It just seems wrong and an injustice to me that the innocent person—and all of us in this room will admit she is the innocent person—it seems wrong to me that someone would seek out—would do this injustice to the innocent party.

Hon. Mrs. Scrivener: But the fact is we are recovering the money under an audit system and she receives the money. She applied for and received the money. So the business transaction is between the ministry and your constituent.

Mr. Walker: However, the error is not hers; and the error is not yours, of course,

you are in the right and what you are doing is not going to be objected to from that point of view. However, she is also in the right, but she is being pressed by the big hand of government which is saying pay that, and at eight per cent since the day you got it. By the same token the defaulting party, unless they have to come across with the money, could go scot free in the matter. The constituent may well have been put in a position to sue, but it seems to me that the ministry would be in a position, then, of encouraging the multiplicity of law suits across this province against dealers, when they could merely write to their dealer and say: "Listen fellows, we think you've got a bit of an obligation here and you are one of our collectors, aren't you?"

Hon. Mrs. Scrivener: I think that is spoken like a lawyer; I think our position is not quite what you would assume.

Mr. Makarchuk: I will forego, in view of the time. Can we carry this vote?

Mr. Chairman: Mr. McKessock and Mr. McGuigan, briefly; we would like to get this vote carried and get on to the other two. Mr. McGuigan.

Mr. McGuigan: I just wanted to address myself to a sales tax on one particular item of farm use, that being the chain saw. As a fruit farmer I have used, in the course of my business, a large number of chain saws for pruning trees. A general rule that applies is that if it is an agricultural tool it's exempt; I know that spark plugs and fan belts and so on are not, but it's sort of a general rule. This business of putting a sales tax on chain saws flies in the face of that.

Also there is a more current concern, the matter of conservation of energy. I happen to be one of those, possibly few, people who uses his chain saw for cutting in orchards and then burns the wood in my tax exempt stove. It kind of bothers me that the stove is tax exempt but the chain saw to cut the fuel is not. So I would like you to address yourself to the question of sales tax on chain saws used for cutting fuel.

Hon. Mrs. Scrivener: I don't know why the chain saw is not exempt.

Mr. Gibson: I don't know either. Equipment used in farming is exempt, but if used for another purpose—for example chain saws themselves are not exempt; they are exempt conditional upon their being used as equipment in farming. If you have a particular instance, I would certainly like to hear of it.

Hon. Mrs. Scrivener: I just don't under-

stand. If you can demonstrate you are engaged in agriculture and you're buying a piece of equipment for your farm, are you saying to me you cannot get a chain saw exempted?

Mr. McGuigan: Yes.

Hon. Mrs. Scrivener: I'm surprised.

Mr. Gibson: Is it your dealer who has refused to sell it tax exempt?

Mr. McGuigan: I've never pursued the matter through to the minister, but it's my understanding it's not allowed at the provincial level. I've never pursued it myself.

Hon. Mrs. Scrivener: It doesn't sound right to me, Mr. McGuigan.

Mr. Gibson: Can I get back to you on that?

Mr. McGuigan: Yes.

Mr. Chairman: Mr. McKessock.

Mr. McKessock: No, my question was on assessment.

Hon. Mrs. Scrivener: We're coming to that.

Mr. Chairman: We're getting there. We're a piece off yet.

Mr. Ruston: With regard to the sales tax, in line with what Mr. McGuigan was mentioning, but I have another area I think we should be looking at for sales tax exemption. It's very minor, I'm sure, but it's for the purposes of building facilities for storing grain. I'm now speaking strictly of corn. I don't think it's been brought up in these estimates. Anyone building a corn crib to dry corn—which of course uses sunlight and involves no fuel cost for drying it—should be encouraged to do so. If we were to forego the sales tax on the building material for that corn crib, I think it would be of advantage to everyone. The cost of drying corn by natural gas and other forms is very expensive. Putting it in this type of a crib and letting it dry itself would save an awful lot. I think that's something you could be looking at too.

Hon. Mrs. Scrivener: We'll just mark this down, Mr. Ruston, as something to review.

Mr. Gibson: There is a problem in the distinction between equipment and real property. One of the problems we experience from time to time is technology changes or needs change. The exemption now is tied to equipment and isn't extended to real property. I think in this instance it would be a policy question of broadening the law. The policy is enshrined within the law at the moment and it doesn't extend to real property.

Mr. Ruston: I think it wouldn't be too diffi-

cult a thing to administer, because in some cases these buildings are financed through the grant structure of the province. The province is paying a portion of it, so the agricultural representative in all cases generally makes an investigation anyway. It wouldn't be too much of an administration problem. I frown on increasing our administration any more, I think it could be administered very economically.

Item 7 agreed to.

Vote 1002 agreed to.

On vote 1003, guaranteed income and tax credit program:

Mr. Warner: I wonder, Mr. Chairman, since we're all having such a good time, if we could stay for another couple of hours to do more on these estimates? We do have a lot of questions, and those we don't cover perhaps will get onto the question paper. Perhaps the minister will be kind enough to try and answer those? At some point, I would like a better definition, or perhaps an explanation of her statement about Scarborough actually coming out ahead.

Hon. Mrs. Scrivener: I said on balance.

Mr. Warner: On balance, yes; because last fiscal year we got ripped off for a couple of hundred thousand dollars from this government. It took almost a full year to recover it. I'd like some explanation about that.

Hon. Mrs. Scrivener: You've just got a municipality that looks as if it's a big spender.

Mr. Warner: We had problems getting the money.

Hon. Mrs. Scrivener: How did you recover it?

Mr. Warner: I'm not telling you my secret.

Mr. Chairman: We're on vote 1003.

Mr. Warner: I'm sorry to confuse you. It includes a question about the Ontario home buyers grant. I'd like to know when the minister intends to stop punishing a few people in my riding for mistakes which she made. The 1975 budget paper said, provided you had not owned a home somewhere else in Ontario you were eligible. That paper was used as advertising promotion. I have constituent who bought under that illusion. They received the home buyers grant. You then changed that when you came to introduce the actual legislation; you came back to those very constituents to whom you had given the money and decided you wanted it back. Obviously they are having to pay for your mistakes. That's wrong. It shouldn't happen.

I don't intend to see it dropped, quite

frankly. I intend to pursue it right through. If it takes me to the Supreme Court, I don't care. I believe that it's wrong. It's quite all right to give Mr. Jelinek his money, but when it comes to people who ordinarily would not have bought because they didn't have the money, it's wrong to give them the \$1,500 and then to get it back. I'd like to know when you're going to stop that process.

Hon. Mrs. Scrivener: In the first instance, Mr. Chairman, may I present Mr. Weingarden, who is the acting director of this branch. He will be here to assist us and to amplify on some of our responses. He's one of your former colleagues, Mr. Charlton.

I anticipated your question, Mr. Warner, and I am very pleased that you asked, since it clears the way for further discussion. Just to save time, let me give you an outline, which is just four paragraphs; it won't take me long.

The Ontario home buyers' grant, as you know, was announced in the 1975 Ontario budget, and the Ministry of Revenue received only two weeks' notice prior to the budget announcement to plan for the administration of the program.

Ms. Bryden: Whose fault is that?

Hon. Mrs. Scrivener: That is not an excuse; that is simply a statement of fact.

It was specifically designed as a short-term measure to provide an immediate stimulus to the economy by encouraging the purchase of housing and household goods. Therefore, the grant administrative machinery was designed to create a minimum of red tape for applicants and ensure prompt payment to recipients.

The Act, as originally introduced, restricted eligible persons to those who had not previously owned a housing unit in Ontario. However, during the debate, on second reading and in committee of the whole House, the opposition parties, particularly the Liberals, were critical of the fact that persons who had previously owned homes in other provinces or in other countries could receive a grant as long as they had never owned in Ontario. They identified that as rank discrimination.

They argued that this provision discriminated against long-term Ontario residents, and Mr. Bullbrook moved an amendment in committee of the whole House removing the words "in Ontario" from section 2(2). Mr. McKeough accepted the amendment and it passed. From that point, the Act became much more difficult to administer.

As a result of that, of all the disallowances that we have had in the administration of the

grant, about 74 per cent have been attributed to prior ownership.

In terms of our disallowance, the percentage of prior-ownership disallowances is 2.2 per cent; the percentage of all other disallowances of the total grant is 0.7 per cent. That makes a total of 2.9 per cent in terms of disallowances under the Act. The greatest part has been entirely as a result of the confusion which arose as a result of that amendment.

Mr. Warner: What are you going to do about it now?

Hon. Mrs. Scrivener: Do you understand that?

Mr. Warner: Yes, Okay.

Hon. Mrs. Scrivener: There is nothing that can be done at this point.

Mr. Hall: May I ask a question on the statement that was just made, Madam Minister?

Hon. Mrs. Scrivener: Yes.

Mr. Chairman: Mr. Warner should complete and then—

Mr. Hall: The statement was addressed to all of us, was it not?

Hon. Mrs. Scrivener: Yes.

Mr. Chairman: In response to Mr. Warner's question.

Mr. Warner: I'll try to be very quick about it. I'd like to know what it is that you intend to do about it. We know that you are able to exempt in certain situations. I'd like to know if you intend to do that so you can bring a measure of justice to those people who were actually misled.

Hon. Mrs. Scrivener: The fact is, Mr. Warner, I have no authority to exempt. I have no ministerial authority to make any variation from the Act.

Mr. Warner: You could amend the legislation.

Mr. Makarchuk: You could introduce a piece of legislation to amend the previous legislation.

Mr. Warner: Mr. Hall had a question.

Mr. Hall: You quite rightly use the opportunity to put things on the record from time to time, Madam Minister. I don't disagree with you for doing that. But, in fairness, let's bear in mind that at the time this was discussed the constitution of the Legislature included about 70 government members. You have implied here tonight that it was because of this terrible Liberal amendment, moved by Mr. Bullbrook, that the whole thing fell apart.

The government was in majority. Mr. McKeough must have thought the matter had merit. Moreover, it seems to me that Mr. Bullbrook's concern had to do with American participation in Canadian cottage properties as a particular flavour of the matter, not little guys who had a mud hut in Taiwan.

[9:30]

Hon. Mrs. Scrivener: Mr. Hall, if you interpret my remarks as being critical, I have to apologize to you. I did not intend to be critical. I was simply trying to give you very quickly a statement of what happened, because I know there are some people like Mr. Warner who weren't here at that time.

I frankly think that the amendment and the arguments surrounding the amendment had merit. I think there probably would have been a discrimination, and that too would have been most unfortunate. Nevertheless, as a result of that amendment a certain confusion did arise, and although the error rate in connection with this whole rebate system is really quite small—it's less than three per cent of the total program—nevertheless the greatest part of the error does arise as a result of the amendment.

I'm just explaining a situation to you.

Mr. Hall: Possibly I'm a little sensitive, Madam Minister, because I heard the same tone put to it, when you were not minister, in discussing the same subject about a year ago in public accounts.

Hon. Mrs. Scrivener: I'm sorry.

Mr. Hall: Since we're keeping records I just wanted to have the record straight, no offence.

Mr. Warner: Why not simply choose not to collect the money?

Hon. Mrs. Scrivener: It's approximately the same.

Mr. Warner: That's what I'd like to know.

Hon. Mrs. Scrivener: My point is that some very harsh words have been spoken about this program. The fact is I think the program has been very effective and did what it set out to do. It has helped a great many people acquire their first home.

Mr. Haggerty: All you did was remove the sales tax, that is what it amounted to.

Hon. Mrs. Scrivener: The program was described in rather colourful words at one point. The real fact is that a minuscule number of people, 0.7 per cent, were disallowed for stronger reasons than just previous ownership requirements.

Mr. Hall: I hope you don't feel that program was good enough that you're going to

do it again right now, because I don't think there's that kind of bread around.

Hon. Mrs. Scrivener: I've been asked if I would do it on a limited scale, and I have to say the idea of doing it for people who have a limit on their income would be attractive to me. I think that it has been helpful.

Ms. Bryden: We suggested that.

Mr. Haggerty: Remove the sales tax on housing, that's the best thing to do.

Vote 1003 agreed to.

On vote 1004, municipal assessment program:

Ms. Bryden: Mr. Chairman, there are a couple of points I wanted to raise.

The first relates to the question of whether insulation when added to a home will change the assessment. Is there anything in the manual given to assessors which mentions insulation and how the assessor should deal with the addition of insulation?

Hon. Mrs. Scrivener: Does this arise out of the question in the House this afternoon, Ms. Bryden?

Ms. Bryden: Yes. I would like more clarification on that.

Hon. Mrs. Scrivener: It's really very simple. The fact is if you improve your house through insulation, and that is an improvement, you still do not have a change in your assessment, your assessment remains constant. The only time your assessment is going to change is if you have improved your house beyond \$2,500, which is a fairly major improvement.

In any case, there is no change. We do want people to improve their house by insulating it. There is no change in the assessment.

Mr. Haggerty: Why didn't the government join the federal plan? You talked about it one time, that you were going to come in with a program to assist homeowners in insulating their homes. The federal government went out and came in with a program that amounts to about \$500 a home; and all of a sudden the province backed out of it.

Hon. Mrs. Scrivener: The program as it developed wasn't quite the way we thought it would be when we expressed interest in it.

May I present Mr. Gillis, the executive director of our assessment branch; and Mr. Lettner, who is his right-hand man.

Ms. Bryden: May I ask the minister, will she give us a definite guarantee that nobody's assessment will go up because they add insulation to their home in order to save energy?

Hon. Mrs. Scrivener: I think if it's just as simple as the terms in which your question is couched. I would say the answer is yes.

Ms. Bryden: I would like to ask a question on changes of assessment in regard to additions where there is a handicapped member of the family. If the householder adds to his home or adapts his home to allow for the needs of a handicapped person, will he face a higher assessment?

Hon. Mrs. Scrivener: I know the kind of changes you are suggesting. I think it's unlikely that those changes—I mean, regardless of the fact that we're talking about a handicapped person—the changes you're suggesting are not likely to come to \$2,500 in cost. Therefore, there would be no change.

I don't think we have a special ruling for changes to accommodate handicapped people, do we, Mr. Gillis?

Mr. Gillis: I suppose to some extent it depends on what improvements they're making.

Hon. Mrs. Scrivener: She's talking about ramps and wider doors.

Mr. Gillis: Essentially on ramps—and these sorts of things, no; wider doors and ramps, no.

Ms. Bryden: I have a case in my own constituency where they have a son with cerebral palsy and in order to provide living accommodation in which he could function as an adult they had to make a \$20,000 addition to their home in the form of a bedroom, a new bathroom and so on, as well as the lifts and ramps. They have inquired whether there will be any relief from an increase in assessment on this. They've inquired both of provincial and municipal officials and have been told there is no relief and they will likely face a much higher assessment.

The home was adequate for the size of the family, except for the fact that they had a handicapped child, and the value of the home will probably not be any greater, in selling it, as a result of that addition because it is designed only for a handicapped person. Besides, they do have the extra costs of having a handicapped member in the family.

It seems to me if the law does not at present allow the assessors in effect to recognize that for what it is and not classify it as an addition, then I think it should be changed if we are going to carry out the pledge the ministry makes.

There is this kind of ad in the paper: "Handicapped people can be productive and self-supporting; this is what Ontario is doing to help . . ."; and it lists various things

that they are doing. But the ad does not include any exemption from an increase in assessment when they try to adapt their home.

If this home was not adapted the child would probably have to be institutionalized, which could cost anywhere from \$15,000 to \$20,000 a year. It seems to me we should be encouraging families to make this kind of change in their homes by exempting such changes from being considered towards an increase in assessment.

Hon. Mrs. Scrivener: I guess you know, Ms. Bryden, that our ministry does assist handicapped people through exemptions on purchase of automobiles that are specially equipped, I guess you know that.

Ms. Bryden: Yes, this is a child who is not eligible to drive a car at the moment.

Hon. Mrs. Scrivener: We have already been able to pay out some thousands and thousands of dollars to assist people to acquire the necessary equipment in automobiles so that they can operate them themselves; or vans and trucks that need hydraulic lifts and so forth for wheelchairs, this is something we are doing in our ministry. I assure you that our policy is one which is designed to be helpful to people who are handicapped.

When I was Minister of Government Services you may know that I saw to it that a great many changes were made to the public buildings, especially here in the Queen's Park complex; and I did approve the design in the main hall and so forth—

Mr. Hall: It is still not working, by the way.

Hon. Mrs. Scrivener: I know. I'm not the minister any more. All I'm saying to you is I understand the problem and I am sympathetic. I want to do my best to assist handicapped people, and this is a matter which is under review.

Mr. McKessock: I have a similar case in my riding where a room had to be added to the house and a bathroom put downstairs, in addition to the bathroom upstairs.

Ms. Bryden: This keeps people out of institutions and may in the long run save money.

Mr. Chairman: Have you completed, Ms. Bryden?

Ms. Bryden: Yes.

Mr. Chairman: The time has expired for the consideration of these estimates. If we could carry this vote, the minister has consented to stay for a few moments to answer the questions of the members who were on the list. If we could do that, Management Board estimates commence at 10:00.

You are on the list, Mr. Epp, and your question will be answered if we could carry this vote.

Vote 1004 agreed to.

Mr. Chairman: This completes the consideration of the Ministry of Revenue estimates. Now, Mr. Epp—

Hon. Mrs. Scrivener: We have one additional one, I think.

Mr. Chairman: Oh, it's a statutory one.

Hon. Mrs. Scrivener: Yes.

Mr. Chairman: Province of Ontario Savings Office.

Hon. Mrs. Scrivener: I know there are members in this committee who have a particular interest in this matter. Would they like to discuss it? I would like a chance to tell them a little bit about it.

Mr. Chairman: All right. Well we will get the assessment program out of the way first and if there is enough time we can go to the Province of Ontario Savings Office.

Hon. Mrs. Scrivener: Right.

Mr. Chairman: Mr. Epp, you had a question with respect to insulation?

Mr. Epp: Yes, I wanted to get back to that, Mr. Chairman and Madam Minister. I spoke to Mrs. Kepco today and she told me—

Hon. Mrs. Scrivener: Mrs. Who?

Mr. Epp: Kepco, from Ottawa; she is the wife of the man whose article appeared in the Toronto Star last Monday regarding insulation problems. She told me her husband had called the assessment office in Ottawa and they had been told they were going to have to pay \$95.98 more for the assessment of their home as a result of putting in additional insulation and putting a frame around it, which would be of gyprock. The Ottawa Citizen apparently got hold of the story; they also called the assessment office and they were told exactly the same thing. Now there were two people who called the assessment office, either the assessment office is giving them the wrong information or—

Hon. Mrs. Scrivener: I think there has been a misunderstanding. May I ask Mr. Gillis to set the record straight, please?

Mr. Gillis: Yes. When that story appeared in the Toronto Star we phoned our Ottawa office to find out what had happened and why it was given out. The commissioner phoned the gentleman who was cited. He said he had indeed phoned the office, talked to an assessor, but that the assessor probably didn't understand what he wanted because he was talking in terms of finishing his basement. I guess his misinterpretation was that that in-

cluded ceilings, floors and the finished recreation room.

Under the system used in the township of Nepean, where this house is, there is 75 cents a square foot added if it is a pretty well done job; he was told that. The gentleman then took the total area of his basement he was going to insulate, multiplied it by the 75 cents, applied the Nepean mill rate to it, and of course that is where he got the \$95.78. I think Mr. Charlton would agree with me that we don't have anybody who is that factual who would come out with all the pennies.

However, he did apologize to the commissioner and said there probably was a misunderstanding. Unfortunately, the story spread around. Clearly what he intended to do was to build a form to hold insulation and cover it with gyprock, with no floors and no ceiling, and there would be no additional assessment for that. If indeed somebody says they are going to put in insulation and they tile the floors and ceilings and put plywood on it and wind up with a nice recreation room, a bar and some plumbing, then it's a different kettle of fish.

Mr. Haggerty: Bars are movable, they are not fixed.

Mr. Gillis: Some are and others are not.

Mr. Epp: I appreciate the explanation. It is unfortunate the person down in the assessment office didn't understand what was being asked.

Mr. McKessock: I have a lot of small municipalities in my riding with populations of 1,500 or less. I have been contacted by the clerk of Markdale, which is one of the small municipalities, its population is 1,400. He wrote me a letter on November 3, with a copy to you. It pertains to small subdivisions and their assessment. I will just read you the second paragraph, which deals with when the roads and services are put in and they are assessed, then, at market value.

[9:45]

"At the present time, as soon as the roads and services are completed in a registered subdivision, whether or not the municipality has assumed responsibility for such roads and services, full assessment is applied to all lots within the registered plan. In small municipalities, such as Markdale, building lots do not sell with the rapidity enjoyed by the large urban developer and even in a small subdivision it may be several years before all the lots are built on.

"At present there are two subdivisions approved in Markdale, with the services in. One has no houses on it and the other has two houses. Yet under the Act they are to

be assessed at market value. That raises the assessment from \$1,400 to \$5,000, and the taxes from \$30 to \$115.

"They don't have garbage collection or much road maintenance; the municipality really doesn't have too much expense with these lots."

I know some municipalities will argue they should be taxed like this in order to give more revenue to the municipality, but in municipalities of this size they are arguing the other way. They feel it is a hardship on small builders or developers and that they should be relieved of this extra assessment because it is really forcing them to build maybe 10, 15 or 20 houses in one year and they can't sell them. They can't afford to build them and they can't afford to keep the lots at that high assessment. It appears to be another case of where the small businessman is hit hard and put out of business because he is pushed out by the extra rules and regulations.

Hon. Mrs. Scrivener: Are you saying somebody there has gone bankrupt?

Mr. McKessock: Not yet, but I'm saying it tends to lead that way. It is pretty ridiculous to say he must build these in one year because he can't sell them. Yet a small builder can adequately supply the houses to these municipalities of 1,500 or fewer by maybe building two or three houses a year. If he has a small subdivision of 15 or 20 houses he has got to put the services in from the start, and yet he is going to pay for them for a lot of years before he gets to build all of the homes.

Hon. Mrs. Scrivener: It is an interesting problem, Mr. McKessock. Mr. Gillis, would you care to comment?

Mr. Gillis: I don't think anything can be done about the assessment, but if the municipality desires, under the Municipal Act, it can do something for him. The builder or owner, or whatever could make application to the council and the council can forgive a portion of the taxes or all of them, whatever it sees fit.

Mr. McKessock: It is legal for the local municipality to do that?

Mr. Gillis: Under the Municipal Act, section 636(a).

Mr. McKessock: That should clear up the problem.

Mr. Chairman: Could Mr. Haggerty and Mr. Charlton divide the remaining 10 minutes? We have to start Management Board at 10 o'clock.

Mr. Haggerty: I had a thought similar to

that of Mr. McKessock. I have a letter here from the township of McNab. It concerns the resolution of a problem they had. The municipality of the township of McNab, in common with many other municipalities with growing pains, found itself shouldering the cost of providing an avenue of entrance for new development. The letter goes on to say that development occurs not only in subdivisions but also in other kinds of building; such as medium density, and scattered development as well.

What usually occurs in the subdivision is that the developer will sell to a builder with one thought in mind, that is making the maximum return on his investment. In order to sell he usually sells a few homes at a modest price and then perhaps cuts his standard or raises his price. The result is that homes may only be two-thirds sold in that phase of the development. However, the cost to the municipality has been 100 per cent incurred by way of damage to entrance roads and the clean-up involved, as well as the cost of containing the dust nuisance. This pertains to a great degree in other forms of development.

However, as you will be aware, the owner does not pay any building tax until the home is occupied as a home. Even then, it will only be assessed at the percentage to which it is completed. Therefore, the reeve and councillors of the municipality of the township of McNab, and I have this before me: "Respectfully request your municipality to endorse the following resolution and to send it to the Ministry of Revenue, assessment division, and to your local member of the Ontario Legislature: 'Be it hereby resolved that any new housing built in any one year but unoccupied, be assessed at one-third value of completion in that year and two-thirds value in the second year and full value in the third year. In this way the municipality would recover some of the costs of providing services to the said property.'"

I think they raise a good point there. I've known cases where persons have built a new home and they have even had some difficulty under the new assessment arrangements in getting their property assessed in the first year. There is definitely a loss to the municipalities in terms of assessment on the basis of new homes being built and occupied.

Hon. Mrs. Scrivener: It's my understanding, Mr. Haggerty, that neither the municipality or the builder is better off under this system; the municipality in the long run would lose money on that arrangement. I'll ask Mr. Gillis to expand on it.

Mr. Gillis: I think the municipality is in error at the very beginning simply because an additional assessment is made for a part of a tax year. If indeed a house is built during the current tax year, then it is taxed from the day it is occupied for that particular year. However, it is added at full value to the assessment roll for the next full year. In other words, if the house is built and unoccupied on September 1, it will escape September, October, November and December taxes but it becomes fully taxable on January 1 of the next year.

Under the provision that McNab is putting forward, it would get a third of the valuation that year, which might be unfair if it was fit for occupancy at the very end of the year; however, it would only get two-thirds the next year, followed by full taxation in the third year. So they'd wind up being losers. If a house is fit for occupancy on, say July 1, and it isn't occupied, they lose six months' taxes on it. But if you parlay the scheme they brought forward over a period of time, they'd lose a full year's taxes.

Mr. Haggerty: In other words, you're telling me they don't understand the Assessment Act.

Mr. Gillis: That's probably so. That exercise, under section 43 of the Assessment Act, adds \$100 million worth of taxes to the municipalities of the province in any given tax year. There's no way the large municipalities with a lot of development, like Mississauga, Durham, Hamilton, Toronto, Windsor and London, would support that.

Mr. Haggerty: Would the minister inform us of the results of the committee that was made up of representatives from the ministry and the private sector to look into the assessment of small businesses in shopping malls. Is that report ready now?

Mr. Gillis: I can answer that too. That committee was set up about two years ago by Mr. Meen and we met with them on a regular basis. When we finalized a proposal that they seemed to agree on, all the way along, when it came down to the final debate and to file a report with the minister, they decided not to go forward with it. And they haven't come back since.

Mr. Haggerty: They haven't come back? I thought maybe that was the reason you were going to delay market value assessment this year for another year.

Mr. Gillis: No. That has to do with apportionments for business taxes. The apportionments must be made using fair market rent. The developers use many and varied ways of apportioning the common area charges.

Mr. Haggerty: I imagine there's been a

change in business assessment under the new market value assessment approach, has there not?

Mr. Gillis: In all the studies I have seen, they would stay very much the same as they are now.

Mr. Haggerty: In some cases they've suggested that they drop the business tax altogether.

Mr. Gillis: I think one of the proposals, and certainly the one endorsed by the Blair commission, was 50 per cent across the board against all businesses. Which would not be very acceptable to the small businessperson, but none the less that was a proposal.

Mr. Charlton: Due to the shortage of time, I'll try to be brief as well. There are some things I won't be able to get into that I wanted to raise.

About the reassessment, the proposal is to postpone it again for another year. It seems to me the province set out to do this reassessment for a number of reasons. The two basic reasons were to equalize assessments across the province between municipalities so there would be a common base to work from, and to get rid of all the obvious inequities that existed in the current assessment system. We started that process eight years ago.

I have just two questions coming out of that, which won't take too much time, I hope. First of all, how long does the ministry intend to allow this postponement to go on without taking some action to deal directly with the inequities existing in the current assessment system? Secondly, do the minister and her officials feel that continuing postponement of the reassessment and the market value assessment are going to endanger the final product of market value assessment? The process to date has seen a reassessment in the province and now that reassessment has been factored once. How great is the risk of losing the quality of that product by postponing it?

Hon. Mrs. Scrivener: To answer your first question, I won't introduce market value assessment to the province until I can be satisfied it can be done without hardship to individual homeowners, to taxpayers; and that it can be done with equity and fairness and with a minimum of disruption to the municipalities. At the moment it is under an intensive review because there are a number of policy questions that must now be resolved as a result of the report of the Blair commission. A major review that is under consideration at this point. I haven't anything further to add to that at the moment, save to say that in terms of the quality of the

market value assessment that has been put in place, I don't think it is in danger at this time.

Mr. Charlton: Just carrying on from that little bit, we have a situation now, with the condition of the existing assessments, where a number of municipalities have already asked for implementation of market value because of the inequitable state in their own municipalities. For example in my own municipality right now they are, I think wrongly, debating resolutions to be sent to the province asking for correction of individual inequities under the current system. I think that's wrong because I think it's wrong to try to deal with things in a piecemeal fashion.

Hon. Mrs. Scrivener: You can't deal with it piecemeal.

Mr. Charlton: We have reached that stage where some municipalities are asking for implementation of market value on their own, while others are trying to deal individually with problems in the current system.

It was suggested in the assessment division a year and a half ago that the assessment division produce a dummy assessment roll with market value assessments on it. Isn't there some way we could produce that kind of an assessment roll and turn it over to the municipalities so they can at least have a look at it property by property to see how it fits in terms of the current assessments in their municipality?

Hon. Mrs. Scrivener: We have already done this, a year ago. In August, 1976, all the municipalities were provided with very carefully developed figures for each municipality.

Mr. Hall: That was just in totals.

Hon. Mrs. Scrivener: A block-by-block information sheet, an IBM printout, is valueless by itself.

Mr. Haggerty: It didn't give the individual properties, just the big ones.

Hon. Mrs. Scrivener: Yes. I suppose it's nice for everybody to look up and see what their property is going to be, if you want it for that purpose; it is just that—

Mr. Haggerty: How can you make a proper assessment out of it then?

Mr. Charlton: How can the municipal politicians who are concerned about assessment inequities in their own areas effectively make a judgement about whether or not they might prefer as an individual municipality to request the province to allow them to go to market value if they can't assess in terms of individual properties, neighbourhoods and

classes of properties what that reassessment will do to their municipality?

[10:00]

Hon. Mrs. Scrivener: Figures for neighbourhoods and classes of properties were all provided to them a year ago, with the skilled personnel to interpret. But if we just give them a block-by-block printout it is useless without the over-riding policy to implement it.

Mr. Charlton: I know what the minister is going to say, but just let me put it this way. The municipal politicians at this point are very unskilled in assessment. They are unsure about which way to go. The figures that have been provided to them in terms of overall studies don't mean too much. The municipal politicians who would have to make the kind of decision to request to go to market value—if in fact they felt it would be more equitable in the municipality—are not aware of the prospects. I think what they need is something in black and white about the changes in the relationships between properties; that is what they need in order to consider that kind of situation.

Hon. Mrs. Scrivener: I see that your former colleagues are just dying to reply to you.

Mr. Chairman: I wonder, really, if we shouldn't cut off. We were scheduled to commence Management Board at 10 o'clock and I think the remaining comments could be dealt with privately. Mr. Charlton, Mr. Epp and Mr. Hall, I really think we have to go on. Thank you very much.

Hon. Mrs. Scrivener: Thank you, Mr. Chairman.

Mr. Hall: Thank you, Mr. Chairman. I do agree, but I'm sure that the minister would like to have the sun shine on her hard work and I think the time being given to this ministry is insufficient. I would hope the minister would raise that point; and that you, Mr. Chairman, would address yourself to the fair distribution of time involved for the work so that we can talk a lot more about his ministry.

Mr. Chairman: I anticipated this exact problem and I took it up with the House leaders. The House leaders approached the various critics and the answer came back that they felt six hours was sufficient. I was of the view that six hours was rather scant for his particular ministry but the critics thought it sufficient; I just pass that along for your information.

Mr. Hall: Well I'd like 20 hours on Government Services, as you know, and there are only six hours for this.

Mr. Ashe: Also, Mr. Chairman, I think it perfectly ridiculous to be starting a new function at 10 o'clock at night.

Mr. Chairman: No, there is a point in this, Mr. Ashe. Mr. Auld wanted to get to cabinet on Wednesday. There are three hours allocated for consideration of his estimates. If we get in half an hour tonight we can complete it tomorrow night, and that frees Mr. Auld for cabinet on Wednesday. There is a purpose in it. I can see your point, but that's the rationale.

Mr. B. Newman: Then the committee will sit again tomorrow?

Mr. Chairman: Tomorrow night. We'll now move to estimates of Management Board.

ESTIMATES, MANAGEMENT BOARD OF CABINET

Mr. Chairman: The minister has an opening statement.

Hon. Mr. Auld: Thank you, Mr. Chairman. I would like to begin by explaining the program realignments we have made in the 1977-78 estimates. The changes from the 1976-77 estimates were made to conform with Management Board's general recommendations to all ministries as to how estimates are to be shown. I believe you will find these changes provide a clearer description of our programs.

At the activity level, a number of changes have been made to reflect the reorganization of the Civil Service Commission. This new functional organization has improved the efficiency and effectiveness of the commission in the context of its current scope of work. These changes are outlined on page five of your briefing books.

You will see that my office now comes under the main office appropriation. This is to conform with the standardized approach to the presentation of the 1977-78 estimates. The main office includes funds for the offices of my two deputy ministers, the secretary of the Management Board and the chairman of the Civil Service Commission. In addition on the Civil Service Commission side, the office of the executive secretary, senior appointments and compensation are also included.

The other change in the ministry administration program is the addition of the other administration activity. This represents a consolidation of the other standard items in ministry administration. The commission's reorganization brought these and other items together under the new administrative services branch.

This year's policy development and analysis program includes activities which last year fell under the policy development pro-

gram and the Management Board analysis program. On the Management Board Secretariat side the activities remain the same, management policy and programs and estimates. The activities of the Civil Service Commission have changed to reflect the commission's reorganization. The previous separation of personnel administration and personnel policy has been changed to reflect the emphasis on compensation and on staffing.

The management audit program has not changed from last year. The operational review activity is in the Management Board Secretariat, and the personnel audit activity is in the Civil Service Commission where it has received increased priority. The activities in the employee relations program remain the same as they were in last year's estimates.

Finally, in the last program, several more changes have been made. They reflect in part the commission's reorganization, but primarily they provide you with more clarity. The chargeback functions included last year within the personnel services program are now isolated under government personnel services. The operation of the staff development centre at Kempenfelt Bay has been separated from the delivery of staff training services. Personnel advertising service was previously included within general services, along with other non-chargeback functions which are now located in the other administration activity.

The funding impact of all these changes in programs and activities of the 1976-77 estimates is delineated on pages six and seven.

Mr. Chairman, I would like to take just a very few minutes to touch on the main program thrusts of the Management Board Secretariat and the Civil Service Commission.

This year the secretariat has continued our emphasis on financial management and control. While the overriding thrust is toward reinforcement of accountability among individual managers, the secretariat is responsible for monitoring of the government's expenditures.

As I reported to the House during the Throne Speech debate, Management Board's expenditure strategy of intensifying its review of the commitment and spending of moneys was successful in achieving our goal of keeping overall government expenditures within the original budget levels. Much of the credit should go to all the ministries of government, which co-operated fully in that exercise.

Similar measures are planned, and indeed,

are already in progress for the 1977-78 fiscal year. In fact, as the September 30, 1977, Ontario Finances shows, targeted expenditures for 1977-78 are now \$13.606 billion, a full \$92 million below the budget speech figure of \$13.698 billion. Our present approach has withstood the test of one fiscal year's operations and I face the rest of this year with a great deal of confidence.

The cornerstone of the board's work of reinforcing accountability among managers is, of course, the managing by results program. Management Board increasingly uses MBR as the basis upon which it reviews plans for program management and monitors how these plans are implemented in terms of results achieved and resources used.

The key elements in MBR are accountability and control. Under MBR, ministries are required to quantify the results which they expect to achieve from their programs. After the board and the ministry have agreed on an appropriate level of funding and results for a particular program, the ministry is held responsible to make periodic progress reports to the board. I am pleased to report that at the present time more than half of the government's 1977-78 estimates are on MBR and there are firm plans to increase this substantially by the end of this year.

Management Board is also engaged in developmental work to improve the resource allocation and priority setting processes within government. I am now referring to our work on zero base budgeting. A number of the members have expressed interest in this procedure. Under this approach, programs are described in terms of the different levels of output and funding at which they can be operated, and the budget is established by ranking these units in order of priority.

Zero base budgeting makes particular sense in Ontario since it's a logical extension of MBR. It ensures that all programs receive systematic scrutiny and that decisions on funding priority are made in terms of defined results to be achieved. Several pilot ministries have been selected to actually test the feasibility of zero base budgeting this year. We'll be evaluating this experience to determine whether the use of ZBB can be expanded.

I believe we have further reinforced the accountability of managers through the introduction of the new manpower control policy. You will recall that I tabled a report on this policy in the House in April. Implementation is proceeding according to schedule. This new approach to manpower management and control will control the present future costs of the salaries and wages of all employees, ye

it will provide ministries with flexibility to allocate staff to programs and activities to ensure optimum effectiveness.

For the benefit of the new members, let me briefly review the procedure for passing and publishing Management Board orders and special warrants. As provided in the Management Board of Cabinet Act, section 5, I quote: "Where an appropriation is exhausted or a sufficient amount was not provided and the public interest or the urgent requirements of the public service necessitate further payments, the Management Board, upon the report of the minister of the ministry concerned, may make an order authorizing payments to be made against such amounts as it considers proper."

Members will recall that in March, 1976, we adopted a new procedure for reporting Management Board orders. We discussed this issue with the Select Committee on the Fourth and Fifth Reports of the Ontario Commission on the Legislature. It was agreed that MBOs would be tabled in the House with the Treasurer's quarterly financial reports and with the year-end report. This procedure was formalized in the revised House rules, specifically rule 34, which says: "Management Board orders shall be printed as an appendix to Ontario Finances, with an explanation of significant variances from printed estimates, and a summary of special warrants shall be tabled on the first sitting day following the issue of warrants." I believe that this procedure will provide the members with timely information about Management Board orders.

10:15]

We have also adopted the new procedure or tabling special warrants. As set out in the revised House rules, special warrants approved between sessions are tabled on the first sitting day following their issue. A special warrant is in order under section 4 of the Management Board of Cabinet Act. It is signed by the Lieutenant Governor to authorize expenditures of an urgent nature or which no appropriation exists, and is permissible only when the Legislature is not in session. It differs from a Management Board order primarily in that an MBO may only increase spending levels of an appropriation which already exists, whereas a special warrant has the effect of creating a new appropriation. Special warrants are only used when urgent situations arise which cannot be delayed until the next session of the Legislature. In the past, misunderstandings have arisen with respect to the appropriate distribution of expenditures within the fiscal year. Members may be interested in a review of circumstances which caused spending at the year-

end to be at higher levels than at other times of the year.

The Provincial Auditor's report for 1975-76 includes an analysis of total government expenditures by ministry and by month. Overall, 13 per cent of the province's spending took place in March, 1976, the last month of our fiscal year. In some ministries higher percentages were experienced, up to 30.7 per cent in one instance. An analysis of 1976-77 expenditure patterns would, I am sure produce very similar results.

It is unfortunate if such statistics are interpreted as having some sinister connotation. Governments have been depicted as engaging in year-end spending sprees in an attempt to use up unspent allocations. The facts clearly show that substantially all of these apparently heavy March expenditures are nothing more than reflections of events in the normal course of government business and government's accounting system. In fact, the comments appended to the Provincial Auditor's table describe some of these factors, both in general and for specific ministries. None of his comments imply that a less than responsible approach was taken to year-end spending.

The relegation of a larger proportion of the year's expenditure to the month of March, as opposed to other months, arises from three basic features which are built into Ontario's system.

First, under the Financial Administration Act, payments made in April which pertain to goods and services received by the government in March—the preceding fiscal year—are to be recorded as expenditures of the last month of the preceding fiscal year, that is March. This, obviously, is in addition to expenditures normally processed and paid for within the month of March. Thus the normal month's expenditures are for about 30 calendar days of business; in contrast, March expenditures represent up to two months' spending for goods and services provided or rendered up to March 31 of that year.

Second, consistent with the first point, the first provincial payroll in April normally includes pay in respect of the previous month and is thus charged to March expenditures. This results in the March salary costs including three payrolls rather than the normal two, and could add as much as \$45 million to \$50 million to the month's salary expenditures.

These first two features would suggest that the expenditures for the month of March should be somewhat higher than average and those for the month of April should be lower than the average monthly expenditures. This is indeed the case, which is borne out by the statistics presented in the Provincial Auditor's

report. It shows that for the month of March, 1976, 13 per cent of the provincial spending took place, while only 5.8 per cent took place in April, 1976, the first month of the fiscal year ending March 31, 1977.

Finally, certain expenditures, including some transfer payments, by custom or by formula tend to be heavier in March than in other months of the year. For example, the government's 1975-76 payment of \$24.7 million in respect of unfunded liability was made into the public service superannuation fund in March of 1976; in addition, almost one-half of the \$32.5 million farm tax reduction program for 1975-1976 was recorded as March 1976 expenditure.

It seems clear, given these three factors, the expenditures in March of any fiscal year are bound to be higher than those of other months. This, as I said, is a totally normal situation; it implies no mismanagement and is consistent with official government accounting policies. Finally, I would like to turn to the Civil Service Commission. One of the major tasks of the Civil Service Commission has been, and continues to be, the management of the civil service in a time of constraint. The years 1976 and 1977 have been a time of significant reductions in the size of the civil service and these reductions have been achieved in large measure through control over external recruitment. This method was chosen largely because it has the least effect on civil servants already in the employ of the government. Restricting outside access to government jobs gave civil servants priority, thereby keeping the number of layoffs to a minimum. This has enabled the government to reduce its complement by approximately 4,000 positions while releasing fewer than 200 people. With the latest proposed reduction in salary and wage dollars, it may be that some movement of staff is again necessary to make the required saving. The system of controlling external recruiting should enable the ministries to effect the required savings with only minimal impact on our employees.

For those employees who may face release from employment as a result of curtailment of an activity or program, the Civil Service Commission has in place a program of reassignment or placement. The government decided, for example, to phase out the management consulting services division of the Ministry of Government Services. By following the program laid out by the commission, that ministry was able to secure the reassignment of all the employees affected by the closure. Only one employee left the civil service and that in-

dividual did so voluntarily. While I don't wish to minimize the fact of release from employment, I do feel that mechanisms are in place to lessen the impact on any employee whose job is eliminated through program reductions.

Collective bargaining in a period of constraint is a very delicate task. The government's announced intention to hold increases in the government's own spending to four per cent has had a direct effect on our negotiations with the union on salary increases for bargaining unit employees.

The government realizes that it may not be possible, or even feasible, to hold salary increases to four per cent, but it is determined that the total increase in program costs should not exceed this level. The alternatives are obvious. If salary increases exceed four per cent the money to pay for the excess will have to be found from other funds in the programs. As a last resort, the size of the work force will be reduced. It is our hope that salary increases can be kept at reasonable levels so that the impact on jobs can be kept to a minimum.

In a brief submitted to the government in December 1976, requesting changes in the Crown Employees Collective Bargaining Act, the Ontario Public Services Employees Union identified as their "most urgent need for change" a clause which would provide successor rights for employees and their union when an undertaking is transferred from the Crown to another employer or from another employer to the Crown. As members are aware, the government reacted positively and promptly to this request of the union and legislation was recently enacted, with the co-operation of both the opposition parties, which provided the successor rights which they desired.

The Civil Service Commission has as its primary concern the maintenance of the principle of merit in hiring. Their task is to ensure that qualified people are selected for government jobs. Acting in support of this principle, the commission is continuously reviewing the staffing selection process. Its objective is to ensure there is neither inequity nor bias, and to define a clearer method of determining qualifications from an assessment of the job. The commission has recently initiated a program of training in staffing for personnel officers. The coming months will see an expansion of this training program, with increased emphasis on good practical staffing practices and real life illustrations of the merit principle at work.

The coming months will also see renewed

efforts by the commission to ensure there are no unnecessary barriers to employment based on educational qualifications, opening or expanding employment opportunities for disadvantaged people, and testing new co-operative work programs with high schools. We have under way at present a pilot project involving some students from Castle Frank High School in Toronto. Between now and the end of June these students will work part-time for the Civil Service Commission and go to school part-time. The program is of course aimed at preparing these young people for the work force as part of their final year in school.

Progress of the Affirmative Action program continues to be an important priority. Working in conjunction with the women Crown employees office, the Civil Service Commission and the Management Board approved an updated directive and guidelines on Affirmative Action to be implemented by all ministries and certain Crown agencies. The directive confirms that the government is committed to a continuation of special programs for women employees for a further three years, starting in this fiscal year. The directive stressed accountability of all managers for the program. To achieve this, ministries submitted their 1977-78 action plans in the management by results format.

Speaking for the government, I want to say that Ontario is fortunate to have one of the finest and more dedicated bodies of public service men and women to be found in any jurisdiction anywhere. We are proud of the Ontario public service.

In closing, let me refer back to my opening remarks and to the briefing books provided to the two opposition critics. I would mention that if other members would like the same information we can have it for you tomorrow morning. If you would like photo copies of those books I will send them around.

Mr. Hall: I would appreciate it.

Ms. Bryden: Yes, I would.

Hon. Mr. Auld: The restructuring of the ministry's programs and activities means we cannot refer to the financial information in the printed 1976-77 estimates directly. These values have been modified to reflect the moneys which would have been shown then, had we been using the new program structure. The books which you have received, or will receive, provide complete background material and copies of our operating legislation as appendices. Each program and activity is covered by a copy of the printed estimates page highlighting the item for discussion. A brief description of the program or activity is given along with a reconciliation setting out changes from 1976-77 to the current fiscal year. Explanatory notes are provided at the activity level; I would suggest that we proceed at that level if it is the committee's pleasure to do so.

Mr. Chairman: Thank you. Mr. Nixon, do you want to commence?

Mr. Nixon: Mr. Chairman, it is just two minutes to adjournment so I don't think I will avail myself of that opportunity, other than to say that by an unfortunate coincidence I will not be able to attend the estimates discussion tomorrow night. I have to speak at another very important meeting. One of my colleagues, however, will be here. I hope the minister will not construe that as any lack of interest in his important duties.

Hon. Mr. Auld: Bob, I'll give you an autographed copy of my remarks.

Mr. Nixon: Okay; just what I always wanted.

Mr. Chairman: The committee will reconvene tomorrow night at 8 o'clock for the consideration of these estimates.

The committee adjourned at 10:30 p.m.

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REVENUE

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 Walker, G. (London South PC)
 Warner, D. (Scarborough-Ellesmere NDP)

Ministry of Revenue officials taking part:
 Gibson, M., Director, Retail Sales Tax Branch
 Gillis, P., Executive Director, Assessment Division
 Rowsell, D., Director, Succession Duty Branch
 Williams, A. B., Chief Legislation and Appeals Officer, Gasoline Tax Branch

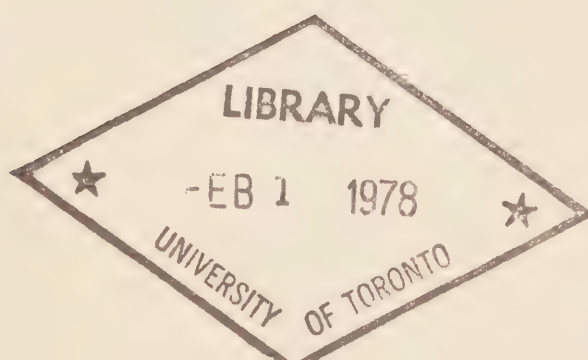


Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Management Board of Cabinet



First Session, 31st Parliament

Tuesday, November 15, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C

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LEGISLATURE OF ONTARIO

TUESDAY, NOVEMBER 15, 1977

The committee met at 8:04 p.m.

ESTIMATES, MANAGEMENT BOARD OF CABINET (continued)

Mr. Chairman: There has been a change from what we said last night. By all-party agreement, we are going to utilize another two hours tomorrow morning and deduct that from the Office of the Assembly. That will mean we will have tonight and two hours tomorrow morning from 10 to 12 for the consideration of Management Board. That will also mean we will have eight hours only for the Office of the Assembly. I thought I would draw that to the attention of the members.

Mr. Roy: I must say, first of all, I am not the official critic for the party. I am looking at the minister who is eyeing me over those half glasses of his, wondering what the hell Roy is doing in here. I can assure him I am still the critic for the Attorney General. My colleague, the member for Brant-Oxford-Norfolk (Mr. Nixon), unfortunately had a prior engagement. I have accepted his challenge, which it is, to make a few opening comments on the estimates of Management Board.

I must say in opening—and the record should reflect this—as I look at my colleagues around me, to my left is the leader of the Liberal Party (Mr. S. Smith), the chairman across the way who is from our party as well, my colleague, the member for Lincoln (Mr. Hall), and one member of the NDP just sitting there in the back of me, so I won't have to worry about any knives. No Tories whatsoever in this committee meeting. I suppose the interruptions will be few and far between as I proceed along with this short exposé.

I have to say that Management Board is not something I am all that familiar with. I guess it was established after the reorganization back in 1971-72 and I don't know—

Hon. Mr. Auld: Only the name has been changed to protect the innocent.

Mr. Roy: Yes, the name was sufficient to make it innocuous enough. At the time I think it was the Hon. Mr. Winkler who be-

came minister of that portfolio, or at least he did at one time. I don't know whether it's because I never took Mr. Winkler seriously that I never got interested in Management Board. I don't want to belie the man, he's not around here any longer, but I have never taken the interest that I should have as a member of the assembly as to the activities of this ministry.

Undoubtedly it serves a very important and useful function and I must apologize as I see all these faces around the room, obviously worthy civil servants working within Management Board. I don't know any of them. Possibly they don't know me and that may be good or bad, I don't know. In any event, if somewhere along the way I stray and I am off base, I hope I will get your forgiveness.

I am within a field, I do admit readily, in which my competence is somewhat limited. But I am pleased to meet all of you, and to find out, finally, who are the people behind this minister, Jimmy Auld, whom I have admired these many years.

I should start off—obviously you read in the *Citizen* last week—there was a great low profile on you. Did you read that, Mr. Minister? It was by Bert Hill. In fact it was one of Bert Hill's last contributions. As you know, he's a reporter with the *Citizen*, a very good one. He has been transferred now to Parliament Hill—greener and bigger pastures and all of that—but Bert wrote a very nice little piece about you here. It was in the *Citizen*, November 9, page 85, and the title of it was "Sweet-Talk Auld Stuns Opposition." It had a little comment on top: "Master of Deflection." I thought this was very interesting because he is such an enjoyable fellow.

I said to myself, "Let's see what Bert has got to say—whether he has really got this fellow down—his perception of him." He's right, you know, and I just want to quote briefly about some of the things that are said about Mr. Auld. I have been one of the opposition members who had not been stunned but lulled, basically, through all these years. A question is asked and the answer starts and somewhere along the way you just lose your enthusiasm for the supple-

mentary. This happens regularly with Jimmy Auld.

The article goes on to say: "In a television age that pays its highest honours to the politician with the oratorical approach of an assassin, Auld proves every day you can just as easily neutralize the opposition by pleasantly anaesthetizing them with mind-boggling detail and drive them to distraction just by rustling a few papers." I thought Bert really had a perception of the mastery of this minister.

He goes on to say: "During that time, Auld had seen scores of cabinet ministers, many much higher rated, burn themselves out in the battle of the Legislature, but Auld goes on." He's got quotations here, for instance, by Mr. Lewis, the leader of the NDP, who is quoted: "It is just astonishing and totally frustrating to watch him. It's impossible to imagine Jimmy Auld in trouble. He is the safest minister that Robarts and Davis ever had in cabinet."

Bert goes on: "He does it all with his voice. It is one of the most careful and deliberate performances you can imagine. The voice never changes, so you get lulled, and then a piece of paper always seems to interpose between the voice and the microphone, so you lose track." How often that has happened.

He makes a good comparison. He says Auld is their Mikoyan. Remember Mikoyan, the Russian minister for all those years? There were changes. Khrushchev and all the boys were changing but Mikoyan was always there.

Then Bert Hill goes on to say "But Auld's performance as chairman of Management Board suggests that he has adapted well to the Davis regime. His job calls for him to deal with the new band of militant public service unions at Queen's Park and to explain to his fellow cabinet ministers what restraints mean for their cherished new plans. 'Jimmy is the only guy who can tell a cabinet minister that he can't have more money and that he's going to have to cut some existing spending and make the guy feel good about it,' says a Davis aide."

It's a very interesting little piece on the minister and I think Bert Hill has grasped a very interesting perspective on this minister, who has been some 15 years in cabinet and has seldom ever got himself in trouble.

I want to talk about some of the smoothness of the minister. In times of restraint, in which we are now, you've got to be tough. I always had a perception Management Board was something similar to what

they have at the federal level, the Treasury Board. I thought that was the comparative ministry. I can recall various ministers in Treasury Board having reputations of being real—the words escape me. I'm used to talking like the member for Grey-Bruce (Mr. Sargent) sometimes and I won't use some of those terms. They are really tough people.

This minister doesn't have that reputation. What's interesting is that it's the Treasurer (Mr. McKeough) who has it. I always thought you were the one who's supposed to be hard-nosed in saying no to various cabinet ministers. Maybe you are. If you are, more credit to you. You certainly don't hear them complaining about you. They seem to be complaining about the tough guy Treasurer. I'm wondering are you really being tough with some of the ministers? I can recall Chretien saying that basically he had to be somewhat of a bastard. He said he had to lay the law down and some of the cabinet ministers were bitching and were saying he was being much too tough. Are you doing that?

You talk in your opening statement about difficult times ahead in a period of restraint and a period of time when the secretariat is responsible for monitoring government expenditures. You talk about reinforcement of accountability among individual managers and things of this nature. Is that going on because I don't see frankly any evidence of it? Are you doing your job and pruning some of these departments? If I look at the evidence I don't hear too many complaints about you. Occasionally one hears some minister complaining, but he complains about the Treasurer. Recently we heard the Solicitor General (Mr. MacBeth) talking about cutting back on the OPP, but you're never mentioned in the same breath as being the guy who is imposing these restraints and really pruning.

You'd have our support for so doing. Looking at areas where you've got to be tough, I see the waste that still goes on. I can name a number of ministries which shouldn't be existing. Are you looking at some of these things? Don't you think sometimes about the great reorganization that took place in 1972, which was great in theory, the Premier and his policy secretariats and things of this nature? It was great on paper.

I recall when I was first sent up, as many of my colleagues here will recall, those were the top jobs. I must admit you were smart enough. I don't think you ever got one of those. It was guys like the former members who were in the leadership race who got

them. Allan Lawrence was given a job as Provincial Secretary for Justice, Bert Lawrence was given Resources Development and Bob Welch was given Social Development. Heck, they were smart enough to realize they had been kicked upstairs and that their jobs really were not what they appeared to be on paper. So we saw a change. Allan Lawrence said: "I've had enough of this." He headed off to Parliament Hill, but he must have second thoughts about that because he's been sitting in the opposition there for some time.

[8:15]

Mr. Sterling: Not much longer.

Mr. S. Smith: Is he retiring?

Mr. Roy: It's also obvious that he hasn't sat in the opposition long enough; I've been looking at the televised debates, and his performance leaves something to be desired.

Mr. S. Smith: Maybe he is crossing the floor like all the others.

Mr. Roy: We know what happened to Bert Lawrence in the by-election and, of course, Bobby Welch got out of that as well. The best evidence we had that those ministries were not working—and I don't want to be overly offensive—was the calibre of ministers who were put into them. It was the ministers who were on their way down or on their way out who got those jobs.

For all intents and purposes, even those ministers who have the positions today—in fact, they're twinning. The Solicitor General is also the Provincial Secretary for Justice. Last night, when we were discussing the estimates of the Attorney General I noticed we're spending \$463,000 on the Provincial Secretariat for Justice. In my opinion, that is a waste.

These are some of the hard decisions that are going to have to be made. You know, you were tough; I can remember one time you were tough. I think it was during the last election, wasn't it? You told the civil service to stay out of the election. One headline said: "Auld threatens ouster of unions if they campaign." As I understand it, they stayed out, but it was reported at that time—in April, I believe—that you "threatened to decertify the Ontario public service employees if they did any campaigning in the next provincial election." That's pretty tough.

It seems to me that even though it would be embarrassing to the Premier, since he set up this whole apparatus, when we're talking about cutting back and trying to stretch every dollar, those are some of the things we obviously should be looking at.

We could go on. For instance, not too long ago it was reported that "outside experts keep saying the Ontario government's \$20 million per year public relations program is a waste of money but insiders say nothing is being done." There's another example about the public relations which this government has been strong on. Why aren't we getting tough about something like that?

When I look at the press releases flowing out of this government, I sometimes wonder whether this government doesn't have shares in some of the paper companies. If I stay away three days, my desk is filled with all sorts of new material that's coming out of Queen's Park. And what's the usefulness of it? I really don't know.

There's the Journal on Drug Addiction. To a limited number of the community who consistently read that, I suppose that's important. There's Interaction which is something coming out of the Ministry of Consumer and Commercial Relations; it's got a nice picture of Larry Grossman. But that's all PR. What are we doing with all this stuff?

Mr. Hall: It's got a puzzle on the back, Albert.

Mr. Roy: Yes, it's got a puzzle on the back. I could go on and on. There are areas where we have frills that should be cut out, and it seems to me that it should be the job of the Chairman of Management Board of Cabinet to cut out some of these things.

For instance, my leader proposed what was called a sunset law to deal with all these boards and agencies and so on. Unfortunately, I was not present at that time, but I understand that you said you had a mechanism to review these boards and therefore you obviously couldn't go along with his suggestion to implement that resolution to deal with those boards.

What an idea that was—to review some of these boards. We're not even sure how many boards we have in the province. I was talking to some of our research people, and they said to me that if you go to the Premier's office and ask how many boards there are, they'll give you a little piece of paper or a pamphlet that says there are 500. If you really get down and count them, there are something like 350 boards, 300 of which are funded by the government. When we're not even sure how many boards we have, it's high time that we started reviewing some of these. Yet you say that you're doing that—that this is the role of your ministry.

I picked up a speech made by the Hon. Darcy McKeough of June 13, 1977. I'm reading from page 13 where he says:

"In our view, managers have to set their priorities and eliminate the non-productive elements within programs. We can no longer tolerate nice-to-have spending frills. We believe in, and are committed to, constant review of programs within ministries by the Management Board of Cabinet, and we are placing great emphasis on the importance of effective, knowledgeable management from both a financial and administrative point of view. Consequently, we are reviewing the status and placement of the senior financial officials in each ministry with a view to assuring increased involvement in the ministerial decision-making process."

Is that going on? In dealing with boards and agencies? Maybe I'm missing something. There are a few days, sometimes, when I miss attending around this place, and I might miss some of the great announcements of what is happening. Are there some of these boards being cut out, some of these existing agencies which no longer are serving a useful purpose? I realize it's tough. But to go back to Bert Hill's article, if there's a smoothy that can do it it's Jimmy Auld.

I appreciate there are problems. Some of these agencies and boards were created a long time ago and this government has been in power for 34 years. That's a long time to place a lot of friends here and there. I'm not saying they are all political appointments. Nevertheless, through successive administrations, people have found places on some of these boards, a job here and a job there, and it becomes difficult when you move in and say, "What's the usefulness of that?" and somebody says, "Hey, look out, Leslie Frost created that and gave that particular individual a job. You'd better be careful."

But these are some of the things that we, in this party, believe in and that's why my leader was proposing such things as the sunset resolution to deal effectively with some of these things. It's all very well to take an approach and say we're going to be tough with the civil servants; we're going to be tough in bargaining; we're going to cut out here. All at once you get yourself into a jam and say: "Okay, we've got to cut back five per cent right across the board." Sometimes that's not fair. That's not selective enough.

Basically the approach this government has, as far as management and financial activity go, is that you turn on the tap when there's money and you turn it back a bit when there isn't. That's not what has to be done. You've got to establish priorities. You've got to look

at some of the existing programs. This is the reason we in this party are prepared to suggest—such things as my leader did in the sunset resolution. These are some of the things, for instance, that we're looking at.

How about the question of zero-based budgeting for some of these ministries. I'd like to see that for these policy secretaries—to justify their existence for a following year. It would be tough, for instance, in Health to start them at zero-based budgeting when obviously we're locked into that sort of program. But I would like to see some of these policy secretariats justify their existence. I think these are some of the things that we have to look at.

Another thing that concerns us, for instance, is the whole question of Management Board orders. I'd like to put the question to the minister: In the last year, how many of the so-called Management Board orders have we seen go through Management Board and for how much money? What do you call them—Management Board orders or special warrants or something to that effect?—whereby moneys go through Management Board, are spent by the province and sometimes very little opportunity is given to the members of the Legislature to review such moneys.

It seems to be the way this government operates by a stop and go sort of approach. For instance, I'll read here a press release that came out in August 1977 where a telex was sent to the office of National Resources. It says:

"Please note that until further notice: No more commitments for expenditures can be made. No more contracts may be awarded or signed regardless of the moral commitments that may have been made."

What a way to run a government. All at once, you either get ministries who need money and you have to pass Management Board orders or these special warrants—whatever you call them—or you get into a situation where things move along and, all at once, there's a freeze. Memos are sent to different ministries saying, "Put the brakes on, fellows, we don't have any more money."

Mr. Makarchuk: It must have been post-election period.

Mr. Roy: It was post-election. You never see these things happen before an election period.

I was listening to the Treasurer today. He was talking about fiscal restraint and responsibility in spending. I just thought back to that 1975 campaign when the government reduced the sales tax from seven to five per cent—basically during the period of the election—and then gave out those rebates on motor vehicles. That was at a time when it

was not necessary at all. Sure, it was a great thing for the car dealers; they really made it. But I'm told—and you can correct me if I'm wrong—that for the period of time it ran, the sales tax and rebates program cost something like \$500 million. That's a lot of money to expend, especially when the extreme necessity was not there for that sort of program.

So when I hear the Treasurer saying, "We've got problems. We're short of money here and we're short of money there," I just think we might be in a better position had he not wasted large sums of money as he did. I still say, Mr. Chairman—and I stand to be corrected because, as I said at the outset, I'm not the person most familiar with what goes on within Management Board—that I clearly get the feeling, from the approach taken, that a lot of the burden of fiscal restraint is left on McKeough. He's the guy with the tough guy reputation. He's the guy that other ministers seem to be cursing these days.

I would have thought it would be this ministry that would be taking that responsible approach. I think that this minister—with his expertise of 15 years experience in the House, the respect that he has from his colleagues, his capacity and his smoothness—would be the fellow who could really come across. I've not seen any evidence of that. I'm sorry. Maybe there is evidence that his ministry has cut back on certain things but I've not really seen the type of programs, or the type of cuts that we, in this party, would be prepared to make.

Ms. Bryden: Mr. Chairman, I too am a substitute Management Board critic tonight. Unfortunately, our critic, the member for Yorkview (Mr. Young) was not able to be here so I'm pinch-hitting. I'll cover the areas that strike me as interesting. I don't know whether they're the same ones the critic would have raised, but I have my colleagues here to raise other issues.

Last night, when the Chairman of Management Board gave us his overview, his theme seemed to be that they were clarifying things by the reorganization of the estimates. I find it somewhat more murky than ever because there have been so many changes and because it appears to be an operation—I don't know whether you call it a ministry—which has tremendous fluctuations in the estimates and it's very difficult to understand, without a lot of detailed analysis, why Management Board could be at a figure of \$7.5 million in 1975-76 and almost \$180 million in the next year's esti-

mates and back down to \$87 million in this year's estimates.

[8:30]

Such radical fluctuations do make it difficult to compare year-by-year items. I realize a great amount of that fluctuation is due to what's known as the contingency fund which is, I presume, an allowance for salary and wage increases and employee benefit increases. But even there the fluctuation seems amazingly wide. Last year the salary and wage contingency was \$145.7 million, this year it is \$48.3 million. Employee benefits last year was \$25.3 million; this year it is \$14 million. So those sudden drops make it rather difficult to understand exactly what is going on.

The position of the Civil Service Commission in the Management Board estimates has always been a mystery to me. You look in the index to the estimates book for General Government, and you don't even find the Civil Service Commission listed. You look at every vote under "Management Board," and you don't ever find the Civil Service Commission mentioned. You find it mentioned only in the footnotes under "program description." It appears that the Civil Service Commission is a sort of disembodied spirit that doesn't need money to live on, but simply feeds through the Management Board. It might almost be regarded as a puppet of the Management Board, according to the way it is set up in the estimates.

I would think people would expect to see exactly what the Civil Service Commission costs us to perform the functions that it performs. In illustration of this, take the management audit program, vote 503. The minister's statement says that item 1, operational review, is done by Management Board; item 2, personnel audit, is done by the Civil Service Commission. But from the estimates you have no idea of that division of function.

Those are matters of organization. There is one item of organization of a more general nature that I would also like to raise with the Chairman of Management Board, since I believe he sets up the form of the estimate. It concerns the continuing failure to put comparative last year figures opposite the individual items in the estimates books. The only reason why we get last year's figures is for the grand totals, and it is a tedious job to go through last year's estimates book to put the comparative figures up against this year's estimates. I think it would be very simple to use some of that white space under "notes," and to print last year's individual figures. It

would also require some reconciliation where there have been reorganizations, but that would be all to the good.

Getting on to some more concrete things: In the contingency figures, in addition to these huge fluctuations, there is a new item; \$16 million for "estimated cost related to proposed federal-provincial agreement on reciprocal taxation." I notice the Chairman of Management Board didn't even mention that in his overview last night—at least I don't think he did—and yet it is a fairly large new item. I hope that he will give us an explanation of that later on.

Under "Civil Service Commission", since it is hard to separate out what its functions are here, I hope we can have some discussion of its functions in the government. I constantly hear complaints that there is no central place where a person seeking employment can put in an application and have it kept on file and considered when vacancies come up in different ministries. Usually, I think the instructions are that you must submit an application to every ministry or for every competition that is advertised. That can be very time-consuming and wasteful, and also the government can miss out on valuable employees who can't take the time, or aren't willing to take the time, to go through that process.

Another thing about the Civil Service Commission: I notice the minister very proudly said it was based on the merit system. I would like him to comment on the press story in which one of his colleagues, the Minister of Industry and Tourism (Mr. Bennett), is quoted as saying to the Toronto Star, regarding recommending people for government jobs:

"One of the plums of winning a provincial election is being able to recommend people for government jobs," Claude Bennett, Minister of Industry and Tourism, said today. "The winner wins the spoils, and one of those is appointing people you know to positions in government," he told the Star." That doesn't seem to gibe with the merit system.

Mr. Wildman: Just ask his barber.

Mr. McClellan: He might be a good barber.

Ms. Bryden: Another area that concerns me is the work of the women Crown employees office, which at the present time is under the Ministry of Labour but I understand that there is some discussion of whether it should come under Management Board. It seems to me that this problem should be resolved. I think the women Crown employees office is not quite sure where it belongs.

To me the logical place would be the

Management Board because it is working with all ministries, mainly within the government, to increase the opportunities for women and to increase the training courses for women and to change the makeup of the public service which, at the moment, tends to have a rather poor division of occupations between men and women.

I have mentioned this under the Ministry of Labour, so I won't go into it in detail, but there is an index of segregation which the women Crown employees office has worked out and which, if there was complete equality of the sexes in the various occupations, would be equivalent to the percentage which women occupy of the total public service—namely 38 per cent. For the overall public service, it is 58 per cent, but for the Management Board, it is 64 per cent, which means that that percentage of men and women would have to exchange jobs in order to produce equal representation of men and women in the various occupations according to their total overall percentage in the public service.

Also, women's salaries as a percentage of male salaries in the public service is overall 71 per cent, but in the Management Board, it is only 47 per cent, and the gap between men's and women's salaries in Management Board is \$13,900. In the overall public service it is \$4,270. So it seems a rather male-dominated operation, Mr. Chairman. I would hope that we could transfer the women Crown employees office to this ministry and perhaps get some more affirmative action right within the ministry.

Passing on to the general question of employment, the government, of course, has been attempting to convince the public that it is reducing the public service substantially. But when you look at the number of contract employees—they have stayed about the same. Between March 31, 1976, and March 31, 1977, there were only 425 fewer contract employees. And contract employees constitute close to 25 per cent of total employees. So, even if the complement is being reduced in some other areas, the contract employees are staying high. It seems to me that a rather strange increase in contract employees occurred during May 1977, which you will recall was the main month of the election campaign.

There was a return to a question tabled in the House on July 11, 1977, which showed that between April 30, 1977—in other words, about three days after the election was called—and May 31, 1977, there was an increase of almost 4,600 full-time contract employees. There was also an increase of 2,000 casual,

part-time and project employees in that one month, for a total of 6,608 contract employees in that one month. That's about 10 per cent of the permanent civil service. It's a fairly substantial number.

I recognize that in that month you're building up your Natural Resources and your highways staff and your parks staff but they would be mainly the casual employees which were 1887. The full-time contract employees are scattered through all the ministries and there are some that seem rather strange as to why you'd have to increase them in May when a lot of the people are out on the hustings. For instance, the Premier's office went up in the one month by nine, the Cabinet office in the policy field secretariat went up by 85, Management Board itself went up by seven, the Civil Service Commission went down by three. I guess they were not very busy hiring during the election campaign.

Mr. Hodgson: It just shows you, when the members are out on the hustings, the ministers need that many to replace them.

Hon. Mr. Auld: We also had a student program which had nothing to do with the election.

Ms. Bryden: These are full-time contract employees. They're not listed as casual or part-time or project. Some of them could have been students, I suppose, if they were full time.

The Attorney General took on 224 in that month; Correctional Services, 187; they were probably needed. Environment took on 431 people. Natural Resources, as I said, was probably a natural buildup; it took on 3500. Transportation and Communications took on 400. It seems to me that that doesn't indicate, during the campaign anyway, a very close control over hiring. Once the Legislature was not sitting to ask questions, and so on, hiring went on very fast.

As far as the total numbers, the figures that are in the manpower control report which the ministry has just issued show that in 1976 the complement was 66,500 and the total number of permanent employees—this is permanent civil servants, not contract—was 68,067; in other words, an increase of 1,530 over the 1976 complement. Although the complement had been hired before that, it doesn't appear as though the gains were being maintained from 1976 to May 31, 1977. Of course, that does take in that month when there were perhaps some fairly large hirings in the permanent civil service too. I don't know, I haven't got that.

At any rate, I have the feeling that the whole figure argument about whether there

are more or fewer civil servants is a bit of a red herring. You can play with statistics, you can show that there are fewer permanent civil servants and more contract, or you can show that the contract have stayed the same and civil servants have gone down, but that doesn't take into account contracting out and there are quite a few services that we know have been contracted out, so they don't show up in public service employment but they certainly show up in public service costs.

Mr. Wildman: Consultants.

Ms. Bryden: Yes. Consultants is a good example. The minister last night mentioned that there was a service known as Management Consulting Services which was being phased out, and presumably that's a saving. I'd just like to know how many consultants have been hired from the private sector to perform some of the functions they were performing in the last year.

It seems to me the constant review of procedures and analysis of utilization of manpower resources and so on are very essential and the development of more efficient ways of doing things. I would have thought that Management Consulting Services was one of the essential services.

[8:45]

In the employment and the personnel activity the tendency seems to be towards a sort of custodial approach that we fulfil the minimum of service to the public. We do not do any preventive work. That is all considered something that can be phased out or that we can make the public wait longer periods for—service such as driver licence tests and things like that. So it may be that some of the staff savings are really counter-productive and certainly not maintaining the standard of service that the public expects, as well as not maintaining preventive services. I think it's something that should be looked at very closely. Just to achieve numbers reduction is not necessarily an efficient way of handling human resources and delivering services.

Page eight of the new manpower control report makes reference to the desirability of monthly reports on staff strength for classified, unclassified and other Crown employees, which could provide the Legislature and the public with information on current manpower employment levels.

I don't think such monthly reports have started. If they have I haven't seen them. I would certainly heartily applaud a move in that direction so that we could perhaps get more clarification in the move in that direction so that we could perhaps get more

clarification in the great numbers debate about unclassified, classified and other Crown employees.

But going on from the question of numbers, is the question the position of contract employees? They don't get very much in the way of benefits. They don't get any protection from the union. Many of them are asked to lay off for substantial periods, and then they're taken back on if they haven't been able to find another job in the meantime. They have no preference in applying for new jobs that open up, even though they may have worked there for 10 years. They are sort of second-class citizens in many ways. They often train new permanent civil servants, who come in to correct their mistakes. I think they are treated very badly in many cases.

I think it is the mark of an irresponsible employer who uses a great many contract employees on a long-term basis. The employer who does this is shoving his responsibility on to the community, by expecting the people to collect unemployment insurance or welfare during the periods when he decides that he doesn't have to plan his work so that he can keep them occupied 12 months of the year. He just shoves them out for an extra five weeks on top of whatever statutory holidays they are entitled to, or whatever holidays by law.

Mr. Wildman: Watch it, he may make it three months.

Ms. Bryden: It is certainly no life for people to expect layoffs of six weeks to three months periodically and then come back and start all over again with no additional benefits. I think the fact that almost 25 per cent of the employees are in the contract area indicates an attitude towards human resources that is not the attitude of a humane employer. I think we should be working to reduce the number of employees in this category, because they really are second-class citizens.

Getting on to the question of the Crown Employees Collective Bargaining Act, I would like to know what response the minister has made to the brief which the Ontario Public Service Employees Union presented last December to the government with a great number of suggested changes. I know in one field the government has moved and I commend it for that—that is in the successor rights bill. It may not be perfect but it is certainly a step in the direction of guaranteeing people's rights, especially when they get transferred from a public service operation to a contracting-out operation

which is happening rather too frequently these days.

But there were a considerable number of other recommendations in that brief. I think they mentioned something like 19. I would just like to know how many, if any, have been adopted. They suggested such things as collective bargaining on all the issues that most outside unions can bargain collectively on; automatic certification when 55 per cent of the employees in a unit have signed up; the right of employees to choose between voluntary binding arbitration and the withdrawal of services as the ultimate method of resolving contract disputes; and various other changes.

One of the main changes they asked for was the right to exercise their democratic rights in the political process. Other provinces have given their public servants full political rights. As far as I've heard, there haven't been any riots nor has there been any lowering of the esteem that the public holds for the public service or feeling that they are not impartial in those provinces. I think a great many civil servants feel they should have the right, during an election campaign, to act like other citizens during their time off and work for the candidate of their choice.

They are allowed to take leave of absence to be a candidate but their fellow workers are not allowed to work for them openly in a campaign. I think Ontario is considerably behind other provinces in the rights it accords to civil servants in the political field, and that was one of the major recommendations also in that brief from the Ontario Public Service Employees Union.

With regard to Management Board orders, I think it is very commendable that they, as well as special warrants, are now being published. There seem to be some pretty large ones going through. The 1977 ones amounted to almost \$302 million. You wonder whether the budgeting process is as inaccurate as that—that they need that much money.

Mr. Roy: It is.

Ms. Bryden: The previous year there was almost the same amount—\$290 million—so there doesn't seem to have been any improvement there.

The special warrants which were tabled at the beginning of the session at the end of June, after the election, did include this \$600,000 one for assisting some condominium purchasers. I would like a little fuller clarification on whether there could be other condominium purchasers who have an equal

right to have their problems solved by the Treasury stepping in, when there appeared to be a danger of their losing their deposits. I think it was partly the inadequacy of our legislation on condominiums that permitted this situation to occur, but I am not terribly well informed on this so I would like more information on it later on.

The chairman mentioned that accountability and control were his main objectives. I would certainly salute those objectives. I think that is what the whole point of a Management Board is—to maintain control over spending within the ministries but also to maintain accountability from the ministries to the Management Board and from the Management Board to the Legislature and to the public. I am not sure we are getting enough of the latter, although the situation has improved considerably under Mr. Auld's direction.

On management by results, or MBR, and zero-base budgeting—I am always a little sceptical of these new alphabet programs. I remember PPBS and something that preceded it, I have forgotten what it was called. Anyway, most of these tend to be sort of make-work projects for analysts and computers, and unless they really cost all the items involved in things and establish what kinds of results they are looking for, when they say management by results, I question how useful they are.

For instance, if the results are simply to get the public service down to a certain level regardless of the kind of service that is provided, then I don't think that's managing by results. It may be managing by one kind of result, but it's a kind of result that I would not accept.

If it is going to produce inefficient service and cut out innovations and preventive programs, then that's also not the kind of results we want. So those sort of objectives and projects—preventive and innovative ones—must be programmed into any sort of MBR or reviews. Zero-base budgeting is really just not a form of reviewing each program. I hope we are not going to go for sunset laws where everything disappears in a puff of smoke as of a certain date—whereby if the Legislature hadn't got around to reviewing it, the Workmen's Compensation Board, for example, might just disappear overnight.

Mr. Makarchuk: It might not be such a bad thing.

Ms. Bryden: These all strike me as rather gimmicky. I think the more important thing is to get down to seeing that we make the most efficient use of our resources, both human and material, and that the Management

Board keeps a very close eye on what's going on, while making sure it takes into account all the costs.

Hon. Mr. Auld: Just a couple of comments in reply to the critics. Before Albert leaves I want to give him an autographed copy of my speech last night. The things you were mentioning, I think, I touched on more than in a casual way.

Mr. Roy: I don't doubt that you said them. But there is always a discrepancy between what is said and what is done here.

Hon. Mr. Auld: But if you knew what was said—

Mr. Roy: I glanced at your speech—I've got it here somewhere; here it is.

Hon. Mr. Auld: I think you just covered the covering page.

Mr. Roy: No, I got to page three. You will notice I underlined that.

Hon. Mr. Auld: Yes, I can tell a "3" myself, as a matter of fact.

Mr. Hall: Albert got lulled by the rest of it.

Hon. Mr. Auld: That's a pretty good page. However, the bit about agencies, boards and commissions, and talking about the Leader of the Opposition's bill—which really wasn't a sunset bill—it was a review bill, which is almost the opposite.

Mr. Wildman: A twilight bill.

Hon. Mr. Auld: No, the bright morning of a whole new bureaucracy to look at, I think. Anyway, you should remember that almost all the agencies, boards and commissions—some 300-odd—are paid on a per diem, and if there is nothing to do they are not functioning. So in terms of this great patronage operation that you are talking about, if they are not doing anything, nobody is getting paid.

Mr. Makarchuk: Why would you have people like Eddie Goodman involved in the appointment of these people, if there is no patronage involved?

Hon. Mr. Auld: There is a great difference, Mac, between patronage and appointments.

Mr. Makarchuk: Why would you ask, shall we say, a functionary in the party to make what is essentially a ministerial decision?

Hon. Mr. Auld: Mainly because there has been a long history in this Legislature—
[9:00]

Mr. Makarchuk: Oh, there is no question there's been a long history—

Hon. Mr. Auld: —and the opposition says, take it out of the hands of the politicians, put it in the hands of a—

Mr. Makarchuk: Eddie Goodman?

Mr. Wildman: Bill Kelly?

Hon. Mr. Auld: —of a non-elective board.

Mr. Makarchuk: That destroys the whole concept of some responsibility to the democratic process, doesn't it?

Hon. Mr. Auld: I suppose we could elect everybody.

Mr. Makarchuk: That might not be a bad idea. At least we can get back at you; we can't get back at Eddie Goodman or Bill Kelly to question them on the appointments.

Mr. Hodgson: Maybe they pick him for the same reason that Makarchuk hired Eddie Goodman—because he is a good man.

Mr. Chairman: Order. The minister has the floor.

Hon. Mr. Auld: This really has nothing to do with Management Board, so I am delighted to discuss it.

Mr. Conway: There's no patronage in Leeds or eastern Ontario and I know you know nothing about them.

Hon. Mr. Auld: In the good old days, I guess there used to be a lot. There's damn little now. I guess a lot of people have learned that the way to stay in office is to get good people. The way to get good people is not necessarily making sure that they have a Grit or a Tory or a socialist ticket. Mr. Schreyer might agree with that.

It seems to me that the question of patronage on agencies, boards and commissions is really quite extraneous to what we are talking about. In fact, if you pay people a per diem when a board or commission is not functioning, it really isn't costing anything.

I know when I was in Environment—and I know this is quite off the subject of Management Board estimates—there was a board set up to deal with a kitchen table kind of approach to arbitrating a dispute between somebody with a chimney who was dumping smoke on crops and the people who own the crops. The board has no clout in the sense that it can't impose a solution. However, it was very effective for a couple of years in about five or six cases.

I was in Environment for two years and the board never met. It had six or seven members who were never paid because it never met. But it's a handy thing to have. It has some sort of authority because it is appointed by the ministry, and it will get people together. It's a great idea. It's one of those very many commissions.

However, I am not going to get into that.

As I said in the House and in my remarks, one of the things that is going to deal more effectively with the many agencies, boards and commissions is the program of management by results. We look at a board and ask: What is it supposed to accomplish; what does it cost; what is its target for the year? I think that's the best way to see whether it should survive.

Mr. Roy: You're right that a lot of these boards and commissions are paid per diem. However, like anything else that's set up on that basis, some of them find excuses to be sitting to make a bit of per diem. It's a bit like select committees where they stretch out certain issues and sit per diem. I am sure some of these commissions and agencies are doing that.

Hon. Mr. Auld: That's why I say we intend to smoke it out through the management by results program, as we get it applied to everything within the government. We expect to do this by the end of this fiscal year.

Mr. Roy: I hope so.

Hon. Mr. Auld: As the hon. member is perhaps aware, the Management Board orders are published every quarter with the financial prognostication of the Treasurer. The arrangement agreed to between the government and the opposition in the Morrow committee was that these amounts would be published every quarter and that the ministers responsible would be prepared to answer questions about them. That, in fact, is happening, as I mentioned in my opening remarks last night.

I also spoke about zero-base budgeting on page five last night. That is why I commend my speech to you. I only got to page three, and special warrants were referred to on page seven.

I know the problem that the member for Beaches-Woodbine is talking about when she refers to the change in format and I mentioned that again last night. If you have a copy of last year's estimates with you, you can see that the two totals between commission and Management Board will add up to the total that we show for last year in the revised format. We attempted to put it in the context of comparative activities. We have taken the bits from Management Board from last year, and the bits from Civil Service Commission last year, and put them together in the activities that are shown in this year's estimates, so that you can compare apples with apples.

Ms. Bryden: You can never see the Civil Service Commission's total costs anywhere.

Hon. Mr. Auld: We have a combined estimate. It is shown under "Management Board," but it is all of Civil Service Commission which is in Civil Service Commission now and all of Management Board which is in Management Board now. It was done, not to confuse, but to compare similar things.

We have changed the format of the estimates at least every three years. Just about the time you think you can compare them, it has been changed. As a matter of fact, there are those who say we should have a moratorium on changing the format. Yet every time something happens, like the children's services division putting all the children's things together in Community and Social Services from the ministries of Community and Social Services, Health, the Attorney General and Corrections, it gets difficult to compare things. It is just an evolutionary process; if you change one thing, you have to change the things that relate to it.

The next thing you mentioned that I noted, Marian, was the big difference in the contingency fund. The reason for the \$90 million difference in the year that you referred to was that we had a very large amount in the contingency fund. This was due to the fact that the year before, we were in arbitration with the union and the decision did not come down until after the final time that we could stick anything in the estimates and have it printed. In the year with the big contingency fund we had enough to cover what the settlement might be. You will see it is considerably less this year because we are only dealing on a year-to-year basis.

In going back to the combined estimates, they are now on the basis that Civil Service Commission is the management of people or of personnel, and Management Board is the management of the administrative processes. We have combined the two, and in some cases you will find that there is a large Civil Service Commission component and a small Management Board component, and in others you will find the opposite.

We are talking about overall management, even though there are two different agencies involved.

Ms. Bryden: Wouldn't it also be useful to have the Civil Service Commission's costs shown separately, in one place?

Hon. Mr. Auld: It would take a very large piece of paper; that is the problem. We would have two more columns, which is described by some people as confusing. It is a great dilemma, truly. There is nothing to hide.

Ms. Bryden: The standard objects thing shows the things by function. It shows the expenditures by function so that you could be comparing apples and apples under them. But it is very hard to see within each of your votes what is Civil Service Commission and what is Management Board.

Hon. Mr. Auld: I have to tell you, in terms of restraint, that all the people here tonight don't qualify for overtime, so they are here just out of great joy of working for Her Majesty in right of Ontario.

Mr. Makarchuk: I think it is damned unfair.

Mr. S. Smith: I have never seen so many forced smiles.

Hon. Mr. Auld: The large amount, \$16 million, is the estimated amount of federal sales tax at 12 per cent which the province will be paying on the goods and services that we buy which are subject to federal sales tax.

There is an offsetting amount, a larger amount, actually, in the Revenue estimates, because there is an agreement between the province and the feds for the feds to pay provincial sales tax on the things that they purchase and for us to pay federal sales tax on the things that we purchase. There are two reasons for that as far as we are concerned. One is that it saves a lot of paper work. The other one is that the province has a net gain. I am not sure—who knows?—I think over three years we estimate a credit balance to the province of something in the order of \$32 million.

Ms. Bryden: And that has gone through, has it? It is not just being negotiated?

Hon. Mr. Auld: The agreement has been made. We put the amount in these estimates, because if we were to try to divvy it up among all the ministries, some portions of it would be very small while ones like Government Services' would be quite large. In effect, what we are saying is that this is the estimated total amount for the province and the handiest place to put it this year, inasmuch as the agreement was signed effective October 1977, I think, and it is almost half-way through the fiscal year.

Ms. Bryden: So it is only this year that it shows up as a new item.

Hon. Mr. Auld: Next year it will be within the individual estimates of all the ministries in terms of their direct operating expenses, the items in there, the things that they purchase.

You mentioned about the Civil Service Commission and the difficulty of people who are interested in working for the province

and need to have a central place to apply. It is still true that if you are interested and you write to the Civil Service Commission, your letter will be passed along to the operating ministry; but when we decentralized the main personnel function, which was both hiring and classification, we tried to make it simpler and more efficient for the individual and for the ministry.

The commission may well advertise for a ministry, particularly in Toronto. The ministry gives the commission the requirement, the job specification, the kind of job that it is; the commission does the advertising. There are funds shown in our estimates for that advertising, and then they are charged back to the ministry in most cases. We accept the applications, screen them very quickly, to screen out those who obviously are not qualified, and pass them along to the ministry. The ministry then makes a selection, generally with a three-person board to interview the candidates.

It is not true to say that if you write to the commission, you don't get any answer. What you should get, what you would get, and what the people who still come into the ground floor in the Frost Building South get is a reference to where they should go, because there may well be an opening there. I think it is fair to say it is probably a better system. In the long run there is less red tape, and certainly far less delay in filling a vacancy for a ministry, than there was two or three years ago.

Ms. Bryden: But if you are an economist, you might be eligible for half a dozen ministries, all of which hire economists. So you write in. What happens to your application? Which ministry does it go to?

[9:15]

Hon. Mr. Auld: It would go to all those who may have indicated a requirement for an economist.

Ms. Bryden: And the commission knows which ministries are looking for economists.

Hon. Mr. Auld: The commission would probably know which ministries are looking for economists in Toronto. There is a slightly different system out around the province where people are looking at the local market first-hand, except from time to time in the last couple of years with the reduction in civil servants.

We have applied a partial or full freeze on recruiting from outside the service until those people who are in areas which are—I guess the word is redundant—have been placed in other vacancies for which they might fit, even with some retraining or some difficulty. I

think the record, which I mentioned again last night, is pretty good for the kind of reduction which has been achieved and the relatively small number of people—I think it's fair to say all of them were offered positions. Very often those who couldn't take the offered employment felt it was too far away, the family didn't want to move, both people were working, something like that.

You were speaking about the unclassified staff. I think you'll find the big changes in the summertime in the last three years have been the numbers of students among the "Experience" programs, the increase in Junior Rangers, OCAP, and a whole host of programs. There have been far more students in the summer than there ever were before. For years the only big student employers were Transportation and Communications, with engineering studies, and the Junior Ranger program, but now there is a whole host of programs that have accounted for the biggest single part of the large number of unclassified staff in the summertime.

As far as the Crown Employees Collective Bargaining Act and the brief of OPSEU are concerned Management Board had a meeting with the union executive. A number of the matters in the brief were referred for further discussion between management and the union as part of collective bargaining.

Of the two specific items which you mentioned, one was the question of further political activity on the part of the union, the change in the Act to permit this. I said on behalf of the government, "We have no intention of changing the Crown Employees Collective Bargaining Act."

Ms. Bryden: Why not? Do you really feel that civil servants should not have those democratic rights?

Hon. Mr. Auld: I believe that if you look at Hansard from last year, you will find where I stated the government's position, and it really hasn't changed. I would be delighted to take the time to dig it out and read it to you again tonight. The government's position has not changed there and it has not changed on the question of striking, and the reasons are still the same.

Ms. Bryden: You didn't discuss, I think, the question of keeping contract employees on for long periods, why there is not a program to assist them to become permanent or—

Hon. Mr. Auld: We will be dealing with that one when we get to personnel, which I think is 502, because with the new manpower policy we will now regularize several hundred people who have been on the unclassified staff in really ongoing, permanent employment, but who have not, up until

now, been able to get pensions and other benefits. The two ministries that are particularly involved are Correctional Services and Natural Resources. I think those people you have been asking about, and others—all those who are working full-time permanently—will be added.

Mr. Wildman: A number have. But it hasn't happened all the time.

Hon. Mr. Auld: No, indeed, because we have only been doing it starting in September. We have been going over with the ministries the numbers of people, and the kind of jobs they were doing—it is really quite a major task—and we haven't finished yet.

We did Correctional Services this morning, and if cabinet accepts it tomorrow, which I expect it will, that is going to sort out a very large number—several hundred.

Mr. Hodgson: Is this the intent to look through all the ministries? How long will that take?

Hon. Mr. Auld: We expect to finish by the end of the calendar year.

Mr. Hodgson: All the ministries?

Hon. Mr. Auld: Yes. We have done seven.

Ms. Bryden: You didn't comment on whether you supported the Minister of Industry and Tourism's (Mr. Bennett) assessment of the policy that the winner wins the spoils and appoints people. Also, this morning on "Metro Morning" I think the Treasurer (Mr. McKeough) said he was able to get a summer job for a constituent. Is this a merit system?

Hon. Mr. Auld: I would have been surprised if there was a member in the House who wasn't able to say that.

Mr. Makarchuk: Did anybody get a finder's fee on that?

Ms. Bryden: I can't think of any summer jobs that I was able to get for a constituent.

Mr. S. Smith: You owe me one job, so you can make that statement next year.

Hon. Mr. Auld: Which one would you like?

Mr. S. Smith: I'll try Bill Davis's job next summer. How's that?

On vote 501, ministry administration program; item 1, main office:

Mr. S. Smith: I just have a few brief comments and some questions, Mr. Chairman. I feel that the Chairman of Management Board, in a speech he made recently, covered some of the material we have asked him in the past. But I have a couple of

questions and I would be grateful for his opinion about them.

Is it a fact that the government of Ontario in its accounting practice either forbids or discourages leasing and instead buys its capital goods and writes off the expense in the current year? Am I incorrect in that assumption? I would be glad to have the minister answer that.

Hon. Mr. Auld: I guess as far as policy is concerned it is a matter of judgement as to which is the most economical; should you buy or should you lease. I suppose that relates to how long you want whatever it is that you are acquiring.

A good example would be the computer in terms of hardware rather than real estate. Or we could go to real estate; we always buy highway rights of way, but we often lease accommodation, because accommodation needs change—

Mr. S. Smith: I was referring to hardware such as business machines and this sort of thing.

Hon. Mr. Auld: Generally that is now up to the operating ministry—whatever appears to be the best deal for the manager.

Mr. S. Smith: So there is a freedom to lease if the manager wishes to do so?

Hon. Mr. Auld: It is pretty well spelled out, and hopefully not too rigidly, in the Manual of Administration.

The computer end is a good example because that has been a very rapidly growing thing. It has sort of levelled off now, but it was a rapidly growing service that government acquired. Now we have the computer operation run by Government Services, which has to compete with the outside.

In fact, the outside is having greater difficulty in competing because we have, I think it's fair to say—and I am not giving my own opinion, I am giving again "outside opinions"—probably as efficient an operation as there is in the country. On the other hand, there are other things that we can't do that well because of fluctuating demand or whatever, so that the operating ministry has an opportunity either to get a quote from Government Services or to get a quote from IBM or from anybody who can supply the service.

Mr. S. Smith: I just wanted that clarified, Mr. Chairman, and the minister assures me that managers within the government are free to lease if they feel it would be a more reasonable proposition. It was my understanding that up until a few years ago this practice was discouraged, and I was going to suggest that leasing is sometimes a very

economical thing to do and that this should be part of the government policy. If you tell me it is, then I accept your answer, of course.

With regard to the comments you make on computers, I must tell you I don't understand why the government is in the business of competing with outside firms with regard to jobs being done by outside firms. Obviously, government could and should do the government's own computing work when it's competitive with outside private enterprise and I would agree with that, but why the government is offering computer services to outside firms in competition with the free market is something I don't quite understand. I have been told that this has happened on occasion and perhaps the minister could look into that.

Hon. Mr. Auld: The problem with Government Services—and I am looking at Dick to make sure that I am right and he's nodding—is that we have never competed with outside firms. There have been agencies in the Colleges and Universities field, I know, who were tempted to get into this business and were in fact competing with outside firms, and unfairly, because of course they were not paying federal or provincial sales tax on their equipment. In fact, this happened in Hamilton at McMaster.

Mr. S. Smith: I can write privately to the minister about a firm that tells me it is being forced to meet competition from the government with regard to certain outside contracts and if they are incorrect in their assertion, I will be happy to tell them so, but I will write to you privately about that.

Another question that I wanted to ask: I recognize that you believe the reason the last month of the fiscal year has such a heavy burden of expenditure is because of some of the accounting practices wherein the April expenditures, provided they deal with goods and services received in March, are assigned to March as an arbitrary accounting procedure. I recognize that some of that discrepancy is certainly due to that method of accounting. A fair method of judging the government's performance is to take March and April and add it together and see whether it represents 16 point whatever-it-is—I guess, 25 per cent.

Hon. Mr. Auld: If I may just interrupt you for a second—plus things like what we mentioned in the House the other day about so-called actuarial deficit for the teachers' superannuation fund of \$100-and-some-odd million.

Mr. S. Smith: Arbitrarily assigned to March.

Hon. Mr. Auld: If you assign that in any month, it's really going to have quite an effect.

Mr. S. Smith: I accept that, but I think the minister must surely know just from his own lengthy experience in government—just as I know from my experience in various institutions where budgeting is done on the basis that if you don't spend it by a certain point, you lose it—that there is an incentive in that type of system for managers to spend the funds in the budget even when, probably in certain instances, the public might be well served to have some of those funds carry over to future years. In the process, from time to time, it may be found that certain expenditures that were thought necessary, turn out perhaps in the course of time to be less necessary. You are familiar with that experience, I am sure.

[9:30]

The other problem with the system as it is now is, not only is there encouragement to spend that money before the end of the fiscal year, we have seen some amusing, but not particularly funny, examples of people desperately trying to spend money at the end of the fiscal year. Apart from that, there's the problem that if your next year's budget is constantly being based on your previous year's budget, then of course you have a double incentive. Not only do you lose the funds but you lose them forever more and you lose the base on which each year's increment is then based. So you are being punished in perpetuity for your failure to spend as rapidly as possible all the funds you are able to get hold of in the budgeting process.

It does seem to me that zero-based budgeting is one way to deal with this, but surely allowing a certain amount of carry-over wouldn't be a bad idea. It would seem to me to be worth trying, to take away this constant incentive to managers to spend every cent in their budget as quickly as they possibly can as the end of the year looms upon them. Some percentage to be permitted as a carryover, or even an open-ended carry-over system, along with zero-based budgeting and a genuine effort to reward those managers who are producing good results, not just using the slogan because it has become current, it seems to me would save the public a lot of money. I wonder, Mr. Chairman, if the minister, from his years of experience in this regard, would reflect upon that?

Hon. Mr. Auld: In the MBR program—and I am not that fond of acronyms myself but it's a lot faster—in effect, Management Board makes a contract with the manager. You have certain resources, human and financial; you have said you can do certain things; you achieve certain results, and you will report monthly or quarterly or semi-annually, depending on the kind of a program you are running. So that there is no incentive—in fact there's a disincentive—to try to shuffle it all through the last quarter. You have, I repeat, certain resources and certain things to achieve. It may well be depending on the kind of a program you are running that you will expend the most part of those resources in, say, the second quarter, or if it's the winter maintenance program and highways in the third and the fourth.

I think that gets away from what I always used to believe was the big push to try to spend it. This was in the halcyon days when there was lots of money and everybody was running around thinking up new programs to do things for people with. That day started to disappear about five years ago and it has really gone now.

Mr. S. Smith: Forgive me. It is still a matter, though, that if you don't spend it, you lose it.

Hon. Mr. Auld: Now, if you didn't spend it maybe in August, you have lost it.

Mr. S. Smith: Okay, it will get rid of the March blip. But what I am saying is, managers are still encouraged to spend rather than keep it over for the next year. Why not allow a carryover?

Hon. Mr. Auld: We get a monthly report—sort of vote by vote. It's the financial information system; it's not perfect but it's pretty good and we are improving it; we can get a pretty good picture of the traditional pattern of expenditures. Some should be constant; some are seasonal; some are very short-term. Any variation from that and you start to wonder why. So we are a lot more sophisticated than we used to be.

Mr. Roy: You are saying we are not going to see again the good old days when the OPP bought all those police cars in the last quarter?

Hon. Mr. Auld: I couldn't tell you exactly when they buy their cars but it is generally apt to be towards the end of the calendar year because that's when the new models come out. But they attempt to buy throughout the year because that's the way they tender, it seems to me.

Mr. Roy: Remember when the Provincial

Auditor—when was that? Three or four or five years ago?—brought out the fact that ministry after ministry was going on a spending spree in the last quarter.

Hon. Mr. Auld: That can be so with certain things where you don't really have to have them. It seems to be more of a tendency now when times are tough—because some things are slightly more discretionary than others. If you are really pinched in the direct operating expense part of your vote, you wait to see about furniture and typewriters and things like that. You can't transfer from DOE to salaries, but you can sometimes transfer from salaries to direct operating expense, which is just about everything else.

So there is a great tendency now to wait until towards the end of the fiscal year for certain things that you can acquire relatively quickly, so that the bill comes in and is dated before March 30. But we're talking in terms of major expenditures. I hate to say peanuts, because several thousand is not peanuts, but in terms of a total budget, you really are talking about a small proportion. What happens is that people may wait and then they find they can get along without it for a while, or maybe they have to buy it in April or May or June.

Mr. Roy: But I was talking—

Mr. Chairman: Mr. Smith had the floor—

Mr. Roy: I was just comparing—

Mr. Chairman: You're on the list, Mr. Roy, and we'll get to you shortly.

Mr. S. Smith: That's a good firm chairman. That's the stuff.

I'll draw my remarks to a close. I basically still feel that perhaps the minister and I are not quite on the same wavelength with regard to the matter of permitting a manager to carry over to next year unspent portions of his budget from a given year.

Hon. Mr. Auld: He doesn't.

Mr. S. Smith: What I'm saying is that he should be allowed to do that so that he won't be obligated to spend the whole thing in the current fiscal year. It's just another form of bookkeeping, another form of accounting or money handling, and I commend it to your attention. This is not because I think it's without its flaws or in any way a brilliant scheme; it's simply something that might be worth your consideration. Instead of punishing somebody for not spending his money in a given fiscal year, why not give him a positive incentive not to by telling him he can carry the funds over to a future year.

If he decides to buy the item next year—keeping in mind of course that the price of

the item might have gone up—we understand that—but if it's his decision to carry it forward, take away that sense of urgency which requires him to spend the money during a given fiscal year. Don't punish him in future budgets for having failed to spend. I hate to see a situation where managers begin to think that underspending a budget is about the biggest managerial crime.

It's not just government that does this. Many private institutions do the same. Many so-called free-enterprisers, with all their vaunted hullabaloo about the bottom line, do the same. I'm not being excessively critical. I'm honestly trying to be constructive and make a suggestion and I'm honestly willing to listen to the counter-arguments because I don't believe that all the truth lies in any one given system of accounting. You're always trading something off for whatever you do in the accounting business. I understand that. I just commend it to your attention as a possible means of changing the attitude of managers.

Hon. Mr. Auld: It was a lot easier when I was involved with a small company of 27 people in about a \$2 million operation.

Mr. S. Smith: Sure.

Hon. Mr. Auld: Now we will start on our budget in August 1978 for 1979-80 and by November, particularly with the problem of trying to let all the agencies who receive funds from the province know in time for them to do their budgeting, you really have to put it together in terms of the bottom line. This year, I think it was September 16 that we had it together in terms of expenditure. While it's awfully hard for me to realize that in \$13 billion there can't be a hell of a lot of elbow room, in fact there isn't. A little bit here and a little bit there and the transfer payments and the uncontrollables—you don't know what's going to happen to the provincial share of welfare in August—but you've got to have some sort of figure so you make your best judgement. This is the real problem.

Mr. S. Smith: I appreciate the complexity. I think I've made the point I wanted to make and I'm sure your deputy ministers and so on will at least discuss it with you. I appreciate the time you've given me.

My last comment simply has to do—without wanting to open old wounds—with the sunset resolution. As the minister pointed out, it was not a genuine sunset resolution in the sense that it didn't automatically terminate bodies that failed to go through the bureaucratic process of examination. However, it was an attempt to get a fresh look at a whole lot of sacred areas, some of

which are perhaps no longer serving the public interest.

While I agree with the minister that those on per diem that don't meet at all don't cost any money and that some of them may be useful just to keep around for an emergency of some type, I would have thought the committee could and would easily have made that decision. In point of fact, the committee would have had a very salutary function inasmuch as it would have had the opportunity and the obligation—at the moment it has the opportunity but not the obligation—to look at the existing boards and agencies that have come into existence during many years of government—not just Conservative government but government generally.

I was disappointed when the government chose to pretty well negate the whole purpose of private members' hour by blocking a vote on what really was not a resolution that harmful to the fundamental interests of the government. It wasn't a resolution that they simply had to vote against, and block a vote on, because of some deep fundamental difference of principle or something that was just a direction that they couldn't possibly tolerate, being Conservatives, or given the mandate they have from the people, or whatever. It was almost a frivolous action on the part of the government, simply to block the will of the House which, despite the great disappointment of the minister and others, is still a minority Legislature.

It pretty well took what was a good set of rules about private members' hour and turned them into a farce. It went even further that way when it took the bill of my colleague from Essex South (Mr. Mancini) and allowed it to pass, but then announced that it will die on the order paper. If there was ever an act of flouting of the will of the House—and the minister knows I didn't even share in that will, but nonetheless it was the will of the House; if ever there was an absolute flouting of that and, in addition, rendering farcical the private members' hour, that was it.

The government did not have that much to fear from our resolution. The hon. member for London South (Mr. Walker), who points out at some length in the press at every opportunity that mine was not, of course, the real McCoy, whereas his—the main difference between his and mine being that his name was attached to his—was basically saying that if your bill passes there, Smith, then the government might use it as an excuse not to ever bring in a real sunset resolution. Only the government can bring

this in, he said, because it involves amending each Act that establishes each agency.

Better not to have anything—this is essentially what he said—than to give those guys an excuse they can then use to say, “We don’t have to do anything more. We don’t have to have a real sunset resolution.”

I said, “My God, you think even worse of your government than I do. I don’t believe they’ll use that as an excuse not to come through with it, but if you believe that, then you obviously know them better than I do. Maybe you’re right.”

Hon. Mr. Auld: We’re free-thinkers.

Mr. S. Smith: Whatever you are—

Interjections.

[9:45]

Mr. S. Smith: Look, this minister knows that during my short time in the House, I have never in any way been offensive to him. I treat him with respect and I appreciate the work he’s doing. But I must tell you that on that one action, in blocking that attempt to have a committee of the House look at some of these boards, agencies and commissions, you disappointed me more than you ever have. I didn’t have a temper tantrum about it, but you made me angrier inside than I have been since coming to this House two years ago. It was not necessary to flout the will of the House in that way.

Your statement that your own Management Board committee is looking at these boards and agencies and so on—well, I don’t doubt your word on that; I accept your word on that. If you’re looking at it, that’s fine. However, I did ask you in the House, Mr. Minister, whether you would share some of that information with us and let us know the results of these investigations, let us know some of the decisions you’ve come to and some of the reasons for it. But you again invoked cabinet secrecy and said, “No, I can’t tell you that.”

Really and truly, life is so complex and so regulated by agencies and boards and commissions, I understand the patronage side of this. I know darn well the basement meetings and the business that we were talking about with your friends Kelly and DeGeer and all the rest of it; but that was not my main purpose in bringing forward that resolution.

My real interest was in bringing forward to the light of day a good many of those operations, letting the people see what’s going on, merging some of them where possible, eliminating where not, and sometimes giving credit where it’s due to people

who’ve been labouring in the dark with no credit. I really was disappointed in that. I simply want to go on record as telling you that, almost, in a sense, as person-to-person because, as I say, it’s of no great moment, it’s of no great consequence, but it disappointed me and it was not necessary, in my view.

Hon. Mr. Auld: Well, this is not in rebuttal but to remind you that there is an existing procedure to deal with a large number of those before a committee of the House—where they spend any money at all—and that would keep a committee busy for several years, I would think. You could look into it—the House could look into it, and should—particularly the operation of the regulatory bodies which I think is important. Of course, we’re a bit hoist with our own petard because when Mr. McRuer was appointed to review all these agencies, the recommendation for the administrative ones, in general terms, was that if there is an administrative body to deal with licensing in a trade or something, there’s got to be a review board. That automatically doubled the number.

Again, some of those review boards are kind of busy. Some of them, I guess, have never met, but they’re on the books. Maybe it’s a good thing to take a look at that again, not with the idea of getting rid of the review board; but to ask if we really need to licence, which is your point. I think all members, whether they’re members of the government or members of any of the three parties, are frustrated with the amount of red tape.

Without getting into a wonderful philosophic flight—the great tendency, as you get more and more people living closer and closer together, is to try to regulate the noise in the apartment next door, a noise which wouldn’t bother you if it was at a farm a mile down the road. How you do that and still make it a reasonable place to live, without having to fill out a form at every hand, I don’t know. I am with those who say we should be trying to find ways to do less of that, and we should be trying not to pay too much attention to a series of newspaper editorials or TV specials or whatever, because it’s awfully easy to establish something but awful hard to get rid of it.

Mr. S. Smith: I could comment on that but I accept your comment.

Hon. Mr. Auld: I don’t think we’re very far apart in philosophy.

Mr. S. Smith: No, but in action we sure are.

Mr. Roy: We would have an easier time getting rid of it.

Mr. Ruston: Yes, we'd have a much easier time getting rid of it.

Mr. Charlton: Mr. Chairman, through you to the minister: I'd like to go back for a moment to the subject which Mr. Smith raised a few moments ago about the budgeting procedure, wherein managers attempt to get funds out of their budgets before the end of the year. I'm glad to hear that you think some of the new procedures are reducing that.

Hon. Mr. Auld: But remember, I gave you the figures from the Auditor as to what the actual expenditures are.

Mr. Charlton: But I'm somewhat concerned that you feel that procedure is something from the old days and that it doesn't happen any more. I, personally, have seen a number of examples of that while working in the service, and the most recent one—which I raised in the estimates of Government Services and which I intended to raise in the Revenue estimates but, unfortunately, got short-changed on because of time—happened just this year.

It was a case in the assessment division of the Ministry of Revenue where, last February or early March—I can't recall the exact date—a microfilm reader arrived in our office. I have no idea how much that piece of equipment costs but it's a piece of equipment which is of absolutely no use in the office that it is now sitting in. We have no microfilm to read on it. That office, as far as the management of that office is concerned, has no intention in the foreseeable future of microfilming its records.

Those are the kinds of things that Mr. Smith was referring to. They still do happen. I'm raising it here because you expressed some concern about it and because you felt the procedure was being eliminated. I'm suggesting that perhaps you and your ministry should have a more serious look at the matter because, before it's totally eliminated, there are going to have to be some further changes made.

Hon. Mr. Auld: I wouldn't argue with that. I'm damned sure it still happens. People save up or wait until the end of the year to see if they have some money to buy something that they want to have. It isn't top priority but they can get the bill before the end of the fiscal year. I have no idea exactly what that section of the Ministry of Revenue would be using a microfilm reader for, but I assume there must be a purpose. I can't believe that somebody would buy a microfilm reader if they didn't think they were going to have some microfilm to read.

Mr. Charlton: I have no idea in this particular case why the ministry bought it. It wasn't bought by the local office. In fact, the local office wasn't even aware that it was arriving until it arrived; and, as I suggested, the management of the local office has no idea what it's going to do with it. There may be some rationale to it but I would suggest that whatever the rationale is, it's rather unclear.

Hon. Mr. Auld: I can't believe that you're totally unbiased.

Mr. Charlton: I don't claim to be unbiased. It's a procedure that I'm very biased against.

Mr. Roy: We're all biased, all of us, including yourself.

Mr. Charlton: Right. There are a couple of other things I'd like to raise, Mr. Minister, concerning your comments earlier about political rights for civil servants. I wasn't here last year so I don't know about it. I suppose I could look it up in Hansard because I don't know what was said verbatim in Hansard last year on this particular issue. I find it rather strange, first of all, that your government is sticking so strictly to a policy and to sections of legislation governing the civil service which they appear, at least, to be unwilling to defend in court.

Hon. Mr. Auld: Why do you say "unwilling to defend in court"?

Mr. Charlton: Because, when I applied to take the government to court over that particular issue, the government very hastily made some changes to effectively eliminate my court case.

Hon. Mr. Auld: You accomplished your objective, then?

Mr. Charlton: I effectively accomplished my objective for myself but not for anyone else in the civil service.

Hon. Mr. Auld: But you avoided plugging up the courts. I think that's a lot of worry.

Mr. Charlton: That may be valuable for myself, Mr. Minister, but not necessarily for the rest of the people working in the civil service. I won a right for myself which, in effect, no other civil servant in this province has.

Hon. Mr. Auld: You've got to prove to the people over here whether that's a precedent which would apply to everybody else or not. I don't know. I can't give you an opinion.

Mr. Charlton: There are precedents and there are precedents. It's a precedent in that it was done, but in terms of a legal ruling on that precedent there is none.

Hon. Mr. Auld: Let me go back. I don't understand it. If the court made a decision—

Mr. Charlton: The court made no decision. What happened, in effect, was that in April 1975 the management in my particular office in Hamilton claimed to have suddenly become aware of my political activities. They had been aware of it for some time before but that's an arguable point so we won't push it. At any rate, they asked the ministry personnel for advice. The ministry personnel advice at that point was that either I left my job or I quit my political activities.

At that point I chose to do neither. They convened a hearing to deal with the case. The hearing was prepared to dismiss me at which point the union lawyer involved served them with notice of motion. I can't remember the legal terminology involved, but he was applying to divisional court for a hearing on whether or not the government was ultra vires in the power it was claiming.

Some two months later, in the middle of the summer—as a matter of fact I didn't find out about it until the day the election was called—the government changed the regulations under the Act governing that second step of the political restrictions which deals with candidates in those job classes that are listed under the regulations. It chose to remove the job class that I was in from those regulations—I believe that happened on August 1, 1975—that was the classification of property assessor. I got a call from the Deputy Minister of Revenue on the Monday, the day the election was called, telling me that in fact I could now be a candidate and apply for leave because my classification had been removed.

Hon. Mr. Auld: You were no longer on the included list?

Mr. Charlton: That still didn't deal with the original reason why the government tried to dismiss me—which was political activity and not candidacy at all. In effect, it just dropped the whole issue of my political activity and has never raised it since.

The point I'm making, Mr. Minister, is that your government could, after a lot of strong statements in support of its position, see fit to wipe a particular category out of the regulations like that. In fact, I question very seriously whether those categories listed in the regulations have been dealt with in any appropriate way, and that perhaps your people should be taking a serious look at the categories listed in that regulation. In view of the government's unwillingness to apply the whole rule on political rights in the face of the kind of position that I took,

perhaps you should be reviewing the whole issue of political rights for civil servants.

For example, one of the issues that was raised when the government took that position with me was that it couldn't have civil servants being politically active because civil servants have access to all kinds of information and may, in fact, use that information in political life for political gains and so forth. If that's how the government feels then it must be a feeling that result from the people that it associates with, because, in my particular case, I think I demonstrated over the two years between the time that the government started the action against me and the time that I was finally elected to this House, that I in no way associated my job in the civil service with my political life, and, in fact, never raised my job in the civil service in my political life at all.

[10:00]

I think most civil servants have the same kind of sense of responsibility for whatever civil service job they have. The government's whole attitude of, on the one hand being hard line and saying it has no intention of changing its policies on political rights for civil servants, and on the other not being willing under pressure to apply those regulations and Acts or sections of Acts, or in other instances removing job classifications from restricted lists under regulations of Acts in order to avoid situations, needs to be looked at and seriously reconsidered. If you want to respond, you can in a moment.

I would like some direction from the chairman on a couple of questions about the MacKinnon Phillips Hospital in Owen Sound and I wondered if I should raise it here or get some advice on which vote item to raise it under.

Mr. Chairman: What aspect of the MacKinnon Phillips Hospital?

Mr. Charlton: In regard to the proposed amalgamation with the General Hospital in Owen Sound.

Hon. Mr. Auld: If it relates to personnel policies, I would—

Mr. Charlton: Just strictly to the amalgamation itself.

Hon. Mr. Auld: That you would discuss with the Minister of Health (Mr. Timbrell).

Mr. Charlton: I really wanted to know if that is still going ahead and has any date been set yet, or do you know?

Hon. Mr. Auld: As far as I know there are negotiations still going on. I couldn't tell you exactly where they stand. You would have to ask the Minister of Health.

Mr. McClellan: Mr. Chairman, I wanted to raise a matter relating to the government's practice of contracting out, which adversely affects my own constituents. It is a matter that I have raised a number of times since I was elected. It has to do with the contracting out of the cleaning function for the Queen's Park office buildings. I wander around from estimate to estimate raising this with different ministries. I have been since the fall of 1975.

The minister may recall the fiasco of the Queen's Park extension contract for the Macdonald Block when the contract shifted from Modern Building Services to Consolidated Building Maintenance and all of the workers lost their jobs. The situation has improved marginally since the uproar that was initiated then. But I want to bring to the minister's attention the following:

Despite the fact that you have instituted a so-called fair wage rate policy with respect to the contracting out of cleaning contracts for Queen's Park office buildings, your fair wage rate which was done by the Ministry of Labour is based on going rates in the industry. It is an industry that by and large pays the minimum wage and is unorganized. The most recent "fair" wage rate, and I use "fair" in quotation marks, received from the Ministry of Government Services is \$3.06 an hour for light duty cleaners and \$3.93 for heavy duty cleaners. That contrasts with the minimum rates in the government classified service which are \$3.89 per hour for light duty work and \$4.02 for the heavy duty classification.

My constituents, as I said, are adversely affected by this. I represent the riding of Bellwoods, which is largely a new Canadian community, and particularly within the Portuguese community the cleaning industry is a very important source of work. There are literally hundreds of my constituents working in the cleaning industry. Most of them are new Canadians; most of them are women.

I want to ask you how much longer we are going to be forced to tolerate inequity in the government's own hiring practices with respect to contracting out. How can you tolerate a situation that contracts out cleaning work at \$3.06 an hour, when people who have the opportunity to work in Government Services are being paid for equivalent, if not identical, work at the rate of \$3.89 an hour?

Hon. Mr. Auld: As far as Management Board is concerned, the general policy is to make or buy, and that's the choice of the operating ministry. In the case of cleaning, there are certain areas—and I am saying

this because I have been involved with Government Services—where we do our own, but in general it is contracted out.

I assume, because it is done on public tender, that the price being paid is the lowest of the going rates. In other words, the low bidder gets the job. I think when you are spending public money, that's the way you should do it.

I know that Government Services get the going rate from Labour for the service areas which they are asking for when it doesn't come with the leased premises when it is a government-owned building. That rate varies from place to place. As far as suggesting that Management Board should set the going rate, or that Management Board should say to a ministry, "you've got to hire your own people and pay a certain rate," I don't think that that is the way we should be running the government at all, along the lines that we were discussing with the Leader of the Opposition and the member for Ottawa East a little while ago.

Mr. McClellan: I don't associate myself with their particular biases and I know that the member for St. George feels as strongly on this issue as I do.

Mr. G. I. Miller: We don't want your philosophy either.

Mr. McClellan: The simple reality is that you are discriminating in your hiring practices in a very fundamental way; you are discriminating against a group of people who are particularly vulnerable to discrimination.

Let me put it this way: the cleaning industry, at least as it operates in this city is no prize. It's a fairly sleazy operation in terms of how it treats the new Canadian work force that is dependent upon it. I feel very strongly that you have a responsibility to try to bring the cleaning industry up to standard since you are heavily involved with the cleaning industry as a government. I don't see that you are making any serious effect to do that.

I would ask you to review this matter again with the Minister of Labour (B. Stephenson) and the Minister of Government Services (Mr. McCague) with a view to establishing a fair wage rate scale which is in conformity with Government Services wage rates. It seems to me that is a fundamental issue of justice in terms of your own hiring policies.

I stress again that we are dealing with an industry that does not have a good record. You have a responsibility to try to bring that industry up to standard and to use the leverage that you have; you do have considerable leverage because of the extent of

your involvement with the private sector cleaning industry.

Secondly, I would like to urge you to incorporate successor rights clauses in your conditions of tendering. I understand that the contract for the Queen's Park extension is in the process of being awarded again to the same cleaner, Consolidated Building Service. Had it gone to another firm, we would have been back in the same absurd situation as in the fall of 1975, with first, in excess of 100 people who work as cleaners in the Macdonald Block at risk of their jobs, and second, the union security they have managed to win would not necessarily be transferred to whomever won the bid.

You need to incorporate both employee successor rights and union successor rights into your tendering practices, just as a matter of trying to bring this particular industry up to an adequate and acceptable standard. I would point out that the city of Toronto has developed some very progressive procedures in its tendering practices, both in terms of fair wage scales and successor rights provisions and it is something that you should look at seriously and review.

I'm getting a little jaundiced, having raised this matter three or four times a year since 1975, with very little in the way of progress. I bring this concern to you as the representative of a large number of people in my constituency who are suffering the results of very inadequate practices.

Ultimately, the solution is to abolish the practice of contracting out and bring these people into the full protection of Government Services with all the benefits and provisions that that entails. If you're not prepared to do that as a simple matter of decency, you can eliminate some of the grosser inequities in your contracting procedures.

Hon. Mr. Auld: Assuming that you don't believe in the system of public tendering, that the lower bidder can produce a service or a product which meets the requirements—

Mr. McClellan: These are ongoing needs, ongoing permanent needs.

Hon. Mr. Auld: I don't see how you can transfer successor rights to the individuals and the organization which is tendering, or to any organization tendering for an existing operation. You make a mockery of the whole tendering process.

Mr. McClellan: Well, why have tendering in such an essential service as cleaning government office buildings?

Hon. Mr. Auld: For the same reason that we do for snow-ploughing, which is a pretty

essential service on the highways. That's the way we get the best price and that's the way you keep patronage out.

Mr. McClellan: Patronage? What do you mean, this is the way you keep patronage out? That's absurd.

Hon. Mr. Auld: If the tender goes to the low bidder and the low bidder has to produce the service which is required, then you don't give it to your friends. That's the way I understand it.

Mr. McClellan: I'm talking about abolishing tendering out for such an obviously essential service as the cleaning of the Queen's Park office buildings. We have permanent cleaners here in this building, but not in the rest of the complex. I find that a simple absurdity.

[10:15]

If it is within the capacity of Toronto city to incorporate an adequate fair-wage scale as well as adequate security and working-conditions provisions in its tendering practices, then it is possible for the province of Ontario to tender out as well, without adopting the bottom line of what is not a very palatable industry.

It's a different operation when you are talking about many other industries that you may tender out for. If you tender out construction jobs, you're dealing with a highly organized, highly protected work force. That's not what we're talking about when we're talking about the cleaning industry. I make, if you will, a special case with respect to the cleaning industry because of their record in exploiting immigrant workers. It's as simple as that. You have not just an opportunity but it seems an obligation, to use whatever influence you have to bring that industry up to a more adequate standard.

You talk about the low bidder, but when you have a so-called fair wage rate of \$3.06 an hour, everybody bids at \$3.06 an hour. Before that they bid at minimum wage. If a firm is unionized and the workers have managed to win a wage scale which is more in line with your own Government Services wage rates, which I have said start at \$3.89 an hour, it is frozen out.

That company is frozen out of your bidding because the rest of the industry which is unorganized will simply come in at \$3.06.

I don't think it happened this time with Consolidated but it will probably happen next time unless the fair wage rate is brought up to a decent level.

I don't want to badger you on it but I would like you to review this again with the

Ministry of Labour and the Ministry of Government Services, and see whether you can come up with a more adequate set of safeguards for the workers in this particular industry who are working under government cleaning contracts. Will you do that?

Hon. Mr. Auld: I'll look at it.

Mr. McClellan: Overwhelmingly reassuring.

Mrs. Campbell: Underwhelmingly.

Hon. Mr. Auld: Whelmingly.

Mr. Wildman: I want some direction, Mr. Chairman. I'd like to follow through from what my colleague from Bellwoods has talked about and what was talked about in the lead-off for our party regarding the whole question of policy set by Management Board in regard to casuals and contract employees in other ministries and how it affects them. I would like some direction as to which vote that comes under, Main office? Is there some other place that it should be under in the estimates? I don't want to be out of order.

Hon. Mr. Auld: Vote 502, I think, is personnel.

Mr. Anderson: Vote 502-2 would be staffing. There is an item there for staffing. That would be the appropriate section.

Mr. Wildman: Okay. I will pass until that time.

Mrs. Campbell: Mr. Chairman, I trust that what I have to say is appropriate at this point in time. I would like the Chairman of Management Board to clarify for me and for others whether it was Management Board that was responsible for the fiasco in the estimates this year, or was it a line ministry? I think it's important that we understand the thinking of Management Board and how we got into a situation where we have been dealing with estimates that are unreal. Could I have that answer first?

Hon. Mr. Auld: If you're talking about Community and Social Services—

Mrs. Campbell: I am, and the other related ministries.

Hon. Mr. Auld: I really can't add very much to what I said in the House. The alternative, what could have been done, would have been to have introduced last July the supplementary estimate that was introduced last week. As I understand it, the representatives of the three parties had agreed not to do that.

As I had tried to explain in the statement I gave the House before I introduced the supplementary estimate, as far as the other

parts were concerned, that was the only procedure that might have been done sooner. The rest of it, the actual transferring, was quite legitimate under the Act.

Mrs. Campbell: That is the transferring of administration, but not the funds that flowed.

Hon. Mr. Auld: That is right. The additional funds that are required that were in the supplementary estimates have not yet been expended because we're only halfway through the fiscal year. The funds that have been expended have been expended by the ministries in whose estimates they stand by journal entry from the Ministry of Community and Social Services from July 1.

Mrs. Campbell: Mr. Chairman, what I guess I would like to have is assurance that never again will we be dealing with estimates such as we had this time. When we start a new session, we should certainly not be dealing with old matters, particularly when it comes into the field of the government's financial accounting. This is part of the problem. There should have been new estimates produced, particularly when you were messing around with four ministries. I would like that assurance, that from here on in we will never again be asked to deal with things which are as irrelevant as these have been.

Hon. Mr. Auld: I certainly couldn't give that assurance, because the House passed the amendments to the Ministry of Community and Social Services Act which rearranged those various services.

Mrs. Campbell: Without question. Without question.

Hon. Mr. Auld: I would be somewhat remiss if I said we will not obey the will of the House and the legislative process that's taken place.

Mrs. Campbell: Let's get down to cases. We did approve the transfer of responsibility. No question about that. We had to do something to clean up the mess if we could. I'm not sure that we've accomplished that. But we certainly should have had new estimates to reflect that change in function.

Are you aware that even at this point in time the figures which you gave to the House, as they relate to Health, are not correct? They do not reflect the moneys which will be required by ComSoc for its functions for those areas which were not transferred as of July 1. We're still muddling through, trying to figure out how you deal with that kind of an estimate in Health, when Health will not any longer have any responsibility. We're still trying to deal with it in ComSoc because it hasn't yet taken over the function because it is awaiting contracts.

There has to be some accounting by government for its financial operation. This can't go on with our struggling along in pure irrelevance. That's what it is.

Hon. Mr. Auld: As far as I'm aware, the figures that I gave the House were correct and in line with the relevant statutes about how things are transferred.

Mrs. Campbell: I just point out that that is not so, that there is a whole function which is gradually coming over from Health into ComSoc but which is not, as I read it, covered by the items that you gave us. This just shows how really bad the whole Management Board procedures have been in this area.

Hon. Mr. Auld: Of course that is an opinion, and I won't argue about it.

Mrs. Campbell: I'm sorry, would you say that the way it was handled was a good way, having in mind—

Hon. Mr. Auld: I do.

Mrs. Campbell: You do.

Hon. Mr. Auld: The only way it could have been improved would have been to have introduced a supplementary estimate in July.

Mrs. Campbell: Or new estimates, having in mind the fact that your functions have changed.

Hon. Mr. Auld: That is quite unnecessary and has never been done before. There have been many transfers made and this way of handling estimates has been acceptable to the Legislature.

Mrs. Campbell: It has never been acceptable to us, with respect. We have debated this at length every time it has happened. I can go back to Vern Singer's speeches and to other speeches in which we have felt and expressed the opinion that this is a procedure which is not tolerable to us.

Hon. Mr. Auld: To be consistent, if you were moving part of an activity, which happens every year, often at the request or suggestion of others in the government, to reprint all the estimates affected and go through the whole process of introducing estimates and all the red tape involved, I am sure that when the relevant statutes were enacted, whenever they were—and some of them go back a long time and some of them

are relatively recent—the House of the day must have thought about what it would cost in terms of time and money and decided that what was in the legislation was the most efficient, sensible, open and honest way to do it.

Mrs. Campbell: I think perhaps when you had days of small government where you didn't have the tremendous expenditures that you have today, you might have been able to be somewhat accountable by using this method. Times change, Mr. Chairman. I am deeply concerned because I think it is important that those of us in opposition have the opportunity to ask for accountability. That isn't possible with the way in which we are proceeding with these estimates and have concluded the ComSoc estimates.

Hon. Mr. Auld: How would you improve them?

Mrs. Campbell: I would say that you go back to square one and produce your estimates for those ministries, reflecting the function as it is at the time we are discussing the estimates.

Hon. Mr. Auld: In effect you had that with the statement that the Minister of Community and Social Services (Mr. Norton) made to the House in July, as I recall.

Mrs. Campbell: We would have the statement and accompany it with the budgeting that would reflect the problem of the function transfer. You know it wasn't the correct procedure. You wouldn't have had to bring in the statement and have us hold up the estimates for a day until we got it straightened out if you had been right. Now, come on.

Hon. Mr. Auld: No, I don't quite agree with you. It is a rather complex matter, I am first to agree. But as far as the best advice that I can get from the legislative counsel and the Provincial Auditor goes, the way that it was done was the proper way. I'm not saying it isn't complicated and I'm not saying it is easy to reconcile, because you're taking parts of entities, not the whole. But in terms of the proper way, the best advice I can get from the non-partisans, if I can put it that way, is that we did it the proper way.

The committee adjourned at 10:30 p.m.

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Anderson, W. A. B., Secretary



Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Management Board of Cabinet



First Session, 31st Parliament

Wednesday, November 16, 1977

Morning Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

WEDNESDAY, NOVEMBER 16, 1977

The committee met at 10:09 a.m.

ESTIMATES, MANAGEMENT BOARD OF CABINET (concluded)

On vote 501, ministry administration program; item 1, main office.

Ms. Bryden: Mr. Chairman, there are one or two points that I raised yesterday that I don't think the minister responded to. One is the \$600,000 special warrant for condominium purchasers. Could he tell us a bit more about why that went through and whether there are likely to be other cases where similar action may be needed?

Hon. Mr. Auld: I think the understanding is that on special warrants, as on Management Board orders, the operating ministry would give the explanation to the House or in the estimates. I would prefer that. Basically it was the first time, and I would assume a one-time operation to cover sort of the grandfathering of some operations. I can't remember for sure whether they were under construction or had just been completed at the time the home warranty program, funded primarily by HUDAC, came into being. I think it should properly be asked of the Minister of Housing (Mr. Rhodes) because he can give you all the details. I don't have them in front of me. In answer to the second part of the question, again, I would not anticipate there would be another similar kind of request, but then I don't know.

Ms. Bryden: The expansion will be charged to the Ministry of Housing, is that correct?

Hon. Mr. Auld: Yes.

Ms. Bryden: I guess that's still to come.

With regard to the Women Crown Employees Office, has any decision been made as to whether to leave it in the Ministry of Labour or to move it to Management Board? The thing that disturbs me is that in their latest report, which is now a year out of date, they show practically no progress as far as increasing the percentage of women in the administrative jobs and in changing the segregation index. While I know these things don't move all that fast, the divided jurisdiction may be part of the cause that the ministries aren't taking it as seriously as

they should and we do want to see progress next year in that field.

Hon. Mr. Auld: The answer to the first part is no, it is still a somewhat divided jurisdiction but it's under active discussion at the moment. I anticipate there will be some kind of change and that that change would be before the end of this calendar year, maybe sooner. As far as the activities are concerned, I can give you some of the information, the amount in the total budgets of all the ministries for Affirmative Action through the women's advisers in each of the ministries; keeping in mind that the overall civil service has been reduced in numbers—and that includes senior positions, the so-called chiefs as well as the Indians.

In 1975, in salaries equivalent to or greater than a program executive 1 the salary range which deals with most of the program managers—there were about 92.5 per cent males receiving salaries equivalent to the minimum or greater in that range, and about 7.5 per cent women. In 1977, it has gone up to 8.2 per cent, about half of one per cent more women; in terms of numbers it's about another 400 people. There were 5,106 in 1975 and 5,512 in 1977, and that's about a 20 per cent increase. So some progress is being made.

In terms of total budget, in some ministries it's not separated out in a single item.

Ms. Bryden: Wouldn't that be desirable, Mr. Minister, so we could see what each ministry is spending on it?

Hon. Mr. Auld: I can give you the totals.

Mr. Clarkson: It's \$1.2 million.

Hon. Mr. Auld: Yes. That's up from the first year when it was about \$500,000. It's almost \$1.2 million in the current fiscal year.

Ms. Bryden: In all ministries, is that what you're saying?

Hon. Mr. Auld: The total, yes.

Ms. Bryden: For Affirmative Action.

Hon. Mr. Auld: Perhaps Mr. Clarkson can mention what the Civil Service Commission and the women Crown employees' Office has been doing in terms of seminars and the interviewing of people interested in moving ahead, the counselling and the number of

people who are now in the inventory of potential promotees, people who are anxious to and capable of moving into senior executive jobs. I think it's up to 70 now, but perhaps you could give the details.

[10:15]

Mr. Clarkson: Mr. Chairman, I think we start from the position that the Ontario government has the most active and the most advanced program of any public jurisdiction in Canada. We are much further advanced than all the provinces and we are at least a year ahead of the federal government. So starting from that base, we have done very well.

The program has been very active. It has had the full support of the Civil Service Commission. The objectives, of course, you're quite familiar with. I think one of the most significant objectives is to attempt to change those jobs that are entirely occupied by women so that there is a better mix. I know that this is one of the objectives. That would apply in time to the senior positions where there are more men and to the junior positions where there happen to be more women. It's a function of time while we gradually implement the program to effect the changes.

We do have to support the merit principle, therefore I think the main objective is to attempt to get many more qualified women so that they are winning competitions, and to ensure that the competitions are as objective as possible. A great deal of monitoring is going on. In other words, there is an attempt to make sure that qualified women are in most of the competitions. Then we would ensure that women themselves—the Affirmative Action co-ordinator—will monitor a certain percentage of the competitions in that ministry to ensure that things are objective and the woman is not discriminated against.

So slowly the percentages are changing. When we're dealing with 70,000 people, it does take time to have a real strong impact. We've had two full years of this now and I think while the percentages are changing slowly, there has been a change.

The training courses are another good example. Whereas in the past the majority of people on the training courses were men, now the majority of people on training courses are women. They are not, of course, 50 per cent of the total force, so that also has been a significant improvement from the point of view of the commission.

The Affirmative Action Council, which is made up of the co-ordinators of the ministries, has done some excellent work in the past two years. They've undertaken special studies

which, when they're completed, are then brought, with the co-ordination of the Women Crown Employees' Office, to the commission. Just recently we spent two full sessions at commission meetings going over a brief prepared by the Affirmative Action Council on what they called corporate issues. These dealt with staffing problems, with compensation problems, with training issues, and with benefits—all areas where they feel that some further work needs to be done to make sure that everything is completely equal.

The commission took this information and our staff are now actually working on these things. I'm not as familiar with all the conferences and meetings which have been held because they are generally co-ordinated by the Women Crown Employees' Office, but it's a very active program. Just this year, the government has reaffirmed its support by once more passing a set of guidelines which will be in force until 1980; and these are the strongest in Canada, as a matter of fact.

The Management Board, I think, has all of the programs in each ministry under management by results assessment so there is an active monitoring of the results.

Ms. Bryden: Thank you, Mr. Clarkson. I'm very impressed by the work you are doing, it's just that the last report didn't seem to show much progress. But another report is due soon; perhaps it will show more progress. I certainly think the Civil Service Commission, the Ministry of Labour and the Women Crown Employees Office are doing a lot of very valuable work in changing attitudes and in opening up opportunities. Of course there's still a lot to be done.

One place where we're perhaps behind the federal legislation is that they have adopted the principle of equal pay for work of equal value, which we have not adopted. I know it's not an easy concept to define or implement, but at least they're trying to move into that sort of concept.

I won't take up more time of the committee on that particular issue, Mr. Chairman.

Mr. Chairman: Mr. Hall.

Mr. Hall: As a matter of fact, Mr. Chairman, Management Board of Cabinet, in the two years I've been here, is certainly a grey area in my mind. I get the feeling that many people don't know what you do and they think you have a pretty soft job.

I read the opening remarks twice. I just got this briefing book this morning. I've tried to skim through it fast but there are a lot of buzz-words or special language, it seems to me, built into the type of work you do.

I wonder if just for a few minutes, Mr. Minister, you could describe the functions in broader terms and in layman's language, as if you were giving a short talk to an outside group; things like how your board relates to the different ministries, both in the period of budget creation and post-budget. Does this give you some suggestions on the information I'm seeking?

Hon. Mr. Auld: Yes, certainly. I could refer you to the statute first of all. I'm not going to read it.

Mr. Hall: No.

Hon. Mr. Auld: Our duties and responsibilities are set out in section 3: "The board shall be a committee of the executive council, with the following priorities and duties—" and it runs through them. Then there is authority for things like Management Board orders and special warrants and so on.

Mr. Hall: I can understand that aspect of it, yes; what about the civil service aspect?

Hon. Mr. Auld: Basically, Management Board sets the administrative policies of the government in one part of our operation and the Civil Service Commission sets the civil service policies; and the Civil Service Commission reports to the Chairman of Management Board. In fact as you can see from these estimates, although it's a little confusing for the first time, we have put the similar functions in similar votes and items.

Mr. Hall: Right; this is work you have put your mind to and said: "Here, this is the best way to do it because we want uniformity, so I'm asking each ministry to realign its numbers and its personnel into certain set groups." This is something that's created by you though?

Hon. Mr. Auld: Yes, the programs and activity.

With my unwarranted reputation for taking a long time and going into too much detail, I'm going to ask the secretary of Management Board, in his usual succinct style, to run down exactly what we do. This won't take the hour and a half that I might take, much as perhaps we might need that. Then I might ask Mr. Clarkson to give you a short rundown of what the Civil Service Commission does.

Mr. Anderson: As the Chairman of Management Board has said the first role of the, relationship if you like, between the board and its secretariat and the ministries, is to establish the framework of the administrative policy.

We would like to think this isn't established in an ivory tower but is established

by a lot of intercommunication with the people who will have to live with the policy. But the end result, if you like, is the manual of administration and the various board directives and guidelines as to how administration of the government is to be conducted.

Mr. Hall: This will include tools and techniques, I suppose, when you say policy?

Mr. Anderson: Yes, it would. First, I want to make sure you've got the picture in terms of clean and good administration. The board is responsible for defining how people should conduct themselves in the administration of public business and in the handling of public funds.

Secondly—and this can't be emphasized enough—the board is responsible, is so to speak the general manager of the corporation in corporate terms, for establishing management standards on how programs are managed, including tools and techniques. These two result from a good deal of intercommunication between the program managers, the deputy ministers and their senior executives, and the staff of the secretariat.

The actual tools are fundamentally the management-by-results projects, which are formally established between the delivery ministries and the secretariat through which, in exchange for the resources allotted to the program, which are agreed upon by the central government and which eventually appear in the estimates and are appropriated by the Legislature, there is an undertaking to produce a certain quantum of results.

To quantify the results is easier in terms of paved roads than it is in terms of some of the social programs, but there are such tools, and we're working steadily to establish a contract, if you want to call it that, for each of the spending programs and activities to indicate what results can be expected by the end of the fiscal year for the resources that have been assigned. That's the fundamental tool.

As of now, if you were to come to the secretariat, or if you asked for it, you could see that about 50 per cent of the government's spending programs are described in this way. We're working hard on the other 50 per cent. As I say, in some of them it is more difficult than in others to find the correct statement of what results people can be expected to deliver.

The target is to have all the spending programs of the government, including the transfer payment areas, as perceived from the government's eyes if not from the transfer agent's eyes, described in a formal way.

If you saw ministries coming to the Management Board at the weekly meeting, you'd

see there are succeeding items on the agenda under which the board secretariat is presenting to the board, in the presence of the operating ministry, the contract that has been agreed. If the world were perfect, then one could expect that any further discussion between the board and the ministry about that particular program would be related back to the management-by-results contract that had been approved, that's the absolutely basic tool.

As the chairman has said, the other tool, which I think really lies more in the future but which we are examining, is in the allocation of resources to programs. The government can make more use and ministries themselves can make more use, of the zero-base budgeting approach. We are feeling our way into this as a means, but the fundamental cornerstone of doing that is to get management by results with quantified output, sufficiently clarified to that we are able, then, to move on to zero-base budgeting.

Mr. Hall: Just so I continue to understand what you are talking about, sir, you have a secretariat that meets frequently, almost weekly, say, as the need arises, for guidance to be passed to the various ministries. I'm sure it works as a two-way street; they can seek out problems where your contract, or your guideline, doesn't seem to be working and say, "How can this be resolved?" Is this the general dialogue that goes on?

Mr. Anderson: The ministers, the board proper, meet every Tuesday morning for the whole morning. The agenda is made up of items which the board secretariat, my staff, thinks are important to have the board discuss in the presence of the ministries; or items the ministries want to bring before the board for approval.

[10:30]

The intercommunication with the ministries that I was talking about is going on daily between my staff and their staffs. The purpose of the discussion is to arrive at the point where items can be brought to the board for approval.

Mr. Hall: To kick off, as if we were ever at day one in a set of circumstances here, a general outline of the amount of money available in total to each ministry is determined, right? Do they then go on to submit a logical set of circumstances, which ends up in an agreement or contract that this will be the performance mode they are after for the period ahead?

Mr. Anderson: The amount of money the government is prepared to support for each program, and to present in estimates to the

Legislature, is determined at the outset. While my staff and the board make a substantial input of data to the government, the determination of how much money is to go to a program is not made by Management Board, it is made by the Policy and Priorities Board of Cabinet.

The allocation of resources and the policy and priorities that determine whether more money goes to ComSoc, to Resources, to Education, to Highways, or whatever, is done by the Policy and Priorities Board.

Mr. Hall: So your function doesn't begin there; it begins in monitoring, assisting and standardizing the techniques that will be used to achieve that goal.

Mr. Anderson: That's right, sir. When the ministry gets the allocation of resources, money and manpower, and they present the estimates to Management Board, the process that takes place is exactly as you described. We are trying to make sure that what they are going to do with those resources will produce the maximum efficiency and effectiveness.

Mr. Hall: Who is responsible for making certain that actuals don't exceed budget estimates, which are done a long time ahead and can cause trouble? Do you have a monitoring role in that or is that the responsibility of the ministry? When they get into trouble do they come to you for a Management Board order or a special warrant?

Mr. Anderson: It is unmistakably the accountability and responsibility of the ministry not to spend money they haven't been appropriated. They have all the financial control systems and all the financial officers necessary to do that.

Mr. Hall: You don't keep running actuals on the ministries?

Mr. Anderson: We monitor the spending patterns throughout the year so that the board can ensure that the government as a whole does not spend more than the Treasurer announced in the budget speech. If they do decide to spend more, that's a conscious political decision, which results in supplementary estimates.

Mr. Hall: Are you responsible for continuous monitoring of cash flow and demands for funds from Treasury? Is this your responsibility or is it Treasury's? Somebody has to gather it together.

Mr. Anderson: The financial information system serves both Treasury and the Management Board; it's the same data. The Treasurer is looking at it from the point of view of his cash flow; we are looking at the

same information to ensure that where there is overspending we can exercise prudent controls part way through the year; so that at the end of the year, when you look at the bottom line for the whole of the government, we have not exceeded the money appropriated and the spending target.

Simply to complete, in a sentence or two, the picture of what we do, we have a third function, which is operational review, a new term of audit. The significance of the phrase is that we have a branch, the operational review branch, that visits the ministries on a calendarized basis; that is we get around to each ministry about once every two years with a team which goes right into the ministry's management techniques.

We are not going there to audit the books in the way the Provincial Auditor does; we are going there to see how they manage their resources, what the reporting relationships are, whether they have as sharp a focus on what they are trying to do as they would wish and as we would wish.

So far, I am glad to say, the relationship between ourselves and the ministries has been extremely healthy. This has been regarded by the ministries as a very useful outside audit of how they manage; it hasn't been regarded as an unwelcome intrusion. From the board's point of view, I think you would be encouraged to know that it does sharpen up management technique across the government in the course of a fiscal year.

Mr. Hall: These items for audit that kick up in different ministries are essentially the audit work done by personnel from the Management Board; your costs of working in a particular ministry would vary from ministry to ministry, and they are, in effect, reflected as a chargeback to that ministry for the work you have done. That is the audit that takes place; there is no separate, internal ministerial audit except the one you do. Is that right?

Mr. Anderson: No; we are not on the same wavelength at all.

Mr. Hall: I am just wondering how many levels of audit take place. You said program review, I think you used that term.

Mr. Anderson: The ministry—and I think his would apply to all the ministries—has its own internal audit.

Mr. Hall: I see.

Mr. Anderson: That is because it wants to be able to defend itself against the annual audit of the Provincial Auditor. It doesn't want to leave it for him to find all the mis-spells; so quite understandably, since it is accountable for the good management of re-

sources, it has an internal audit that gets around the ministry and makes sure people are picking up the loose ends and behaving properly.

Mr. Hall: Just on that point, in a given ministry, is that separate from the accounting function which they might do, a function which examines use of resources and money through the year?

Mr. Anderson: Yes, it is.

Mr. Hall: The audit is not performing a "how-far-can-we-go" examination within a ministry, it is still separate from the ongoing accounting functions they are required to do?

Mr. Anderson: Yes. Every ministry would have a finance and accounting branch, by one title or another, which is actually handling the invoices and paying of the accounts and ensuring that it's done properly.

Mr. Hall: Then on top of that you have a ministry audit branch?

Mr. Anderson: Yes. A ministry audit branch which normally reports either to the deputy minister or to one of the assistant deputy ministers who is auditing how that's all being done.

Our review is not superimposed on that; we are not looking at most of those things, because we are not accountable for a mishap in a ministry. We're accountable that there's good management going on. Not malfeasance, so to speak; only that there is good management going on.

Hence our operational review has two targets: first, to assist the ministry in its management; and, secondly, to ensure that good standards of management are taking place, that there is efficiency, that the resources aren't being wasted—not that they're not being stolen but that they are not being wasted.

I would like to correct an impression you seem to have: We bear the expense of that; the expense that you will come to in the vote for operational review is a central agency expense. We do not charge that back to the ministry because we are, I suppose, the main client.

Mr. Hall: That explains the role and the inter-relationship a little better than I had it before.

Mr. Charlton: We have been talking in the last couple of years quite seriously about government spending and about ways of saving taxpayers money. There is one practice that goes on to which I would like to speak. I have absolutely no idea how wide it is, how often it happens, but I know that it happens. I raised it in the Ministry of

Government Services estimates, and had it confirmed by both the minister and the deputy minister that in fact it does happen in a large number of cases; that is the practice in the letting of capital construction contracts, in which, in many cases the contractor who wins the award—the low bidder of whatever—is in fact not doing the construction work. They are almost strictly a management firm providing management and on-site supervision, which the ministry also provides—that is the Ministry of Government Services.

It seems to me it is a practice that is costing the taxpayers money. How much is very difficult to determine without inspecting every instance of capital construction, but it is something that I think your ministry should have a very serious look at in terms of government policy.

Hon. Mr. Auld: You are talking about the so-called construction management contracts involving a large project which is going to take several years to complete and may be in several stages.

Mr. Charlton: It may happen on large projects, but it is also happening on small ones; in fact the ones that were brought to my attention and which I raised in the Ministry of Government Services estimates were small ones, less than \$50,000 contracts.

Hon. Mr. Auld: The policy is pretty clear as far as Management Board is concerned; it is that there will be in all purchasing a minimum of three quotes or three tenders required. Sometimes there are occasions where there are fewer, particularly in large jobs and in the north where you sometimes have to call several times and still only get two bids, but generally speaking there must be three.

Further, there must be a public tender. There can be special requirements—pre-qualification and that kind of thing; as Transportation and Communications does for a variety of reasons, one of them to make sure that the job gets done and somebody doesn't get to be the low bidder on about 15 jobs and can't get around to doing them for two or three years. The operating ministry is primarily Government Services. Actually, two ministries that do most of the building and the contracting would be Government Services and Transportation and Communications, and they are required to set their own standards within the general guidelines of public opening of tenders and so on.

I don't think it is Management Board's function to second guess the experts as to how you should build something. Our job is

to make sure the procedures they use are proper, but you can use different procedures for different kinds of work, if you understand what I am trying to get at.

It's the same sort of thing as I mentioned last night in reply to a comment that we don't do everything in-house. The secretary has just explained, in terms of management techniques, that you have to let the manager manage, and it is up to the manager to make the best use of the resources; so that sometimes we make it ourselves, sometimes we buy it from outside, and this applies to construction as well.

For instance, Natural Resources do some of their own construction on small jobs in remote places because it makes greater sense to them. There again, this is quite within the rule.

[10:45]

Getting back to Government Services, there can often be a prime contractor and he bids on the whole job. In fact practically every big job has a number of subcontractors, as I'm sure you're aware. Aside from requirements in the tender itself and in the contract, which is signed by Government Services and by the contractor, there are a lot of provisions that protect the owner, in this case Government Services or the taxpayer, against default or poor work down the line—holdbacks and so on; so that in the event of bankruptcies or non-completion the province is not harmed. Probably the best example of this was Ontario Place where the prime contractor was Foundation Company, a very large company that went belly-up about two months before the job was finished. Government Services were able to move in and we completed it with only some very small amount like \$10,000 of additional cost, because we were protected by holdbacks and so on and we got into the construction management business ourselves.

Talking specifically about construction management, where you call tenders for somebody who is going to manage a job and call sub-tenders periodically, that's a different kind of technique than the normal prime contractor and subcontractor arrangement.

My understanding of construction management is that it is applied where you have a very large job on which, given inflation rates of the last few years, it became less costly to go to this method rather than put in a firm bid.

On a construction job such as the Macdonald Block here at Queen's Park, for example, which it took six years to complete, in phases, anybody making a firm bid on a six- or seven-year job like that would have to protect

themselves against all kinds of anticipated escalation in material costs, labour costs and so on.

So we had quite a spate of construction management projects. The London court-house was one; there was Queen's Park and some others. I don't think there is as much construction management work going on now, but that's partly because our capital budget is so small we're not building that many structures. The information I have is that we didn't start construction management, it was being done by industry for the same reasons and we took a lesson from them. We felt it was more efficient and we were saving money; but you can't prove it because—

Mr. Charlton: I can understand, in a particularly big and long project that in fact the construction management firm may be necessary, useful, cheaper, more efficient—the whole package. My concern is about the smaller projects. I had a few instances brought to my attention.

One instance was renovation of some OPP houses in Moosonee. It's a small project, under \$50,000, and you've got a situation where the contract is let to a construction management firm. The total construction, the total renovation, is subcontracted to one contractor so that there's a double markup to the taxpayer of this province when in fact the ministry could have been dealing directly with the contractor.

One of the things that is happening, when you get into these really small projects and small construction companies—one-man or two-man operations, where they don't have a permanent office with a switchboard that's operating full-time, with someone checking the ads every day in the Daily Commercial News and so on—is that when the owner of the construction company is on a job, and maybe unaware of all the other things that are being advertised, it is the management companies that are making the bids on the jobs, these small jobs.

This particular instance in Moosonee is, very strictly, just an unnecessary markup to the taxpayer, where the ministry provides management services and the ministry also provides on-the-job supervision of the construction to see that it is being constructed in line with their plans. The management firm is doing the same thing, providing management services and providing on-the-job supervision and the one contractor is doing the entire job. That is where my concern comes in. I think it is just something that somebody needs to have a look at.

Hon. Mr. Auld: I don't recall that specific instance. I know the job you are talking about

because it had to do with insulation, primarily.

Mr. Charlton: Well it started with insulation, and then it was wall panelling and ceiling tile.

Hon. Mr. Auld: These were some of the old houses we took over in Moosonee. The James Bay Educational Centre had a number of residences for teachers; and of course the centre is operating in a very modest fashion at the moment, with a small number of pupils because there is now a high school functioning at Moosonee in part of the old radar base buildings. The OPP needed residences; Jabec had quite a substantial deficit, which the province was going to pick up, and they had put four buildings, I think, up for sale; but the buildings had deteriorated somewhat, particularly in terms of insulation. I think in that particular case, because it is difficult to get to, Moosonee is somewhat remote, and there aren't that many tradesmen and contractors—in fact whoever did it probably came from Cochrane or Timmins—we didn't get very many bids.

Mr. Charlton: The person who did it came from Toronto, but that is beside the point.

Hon. Mr. Auld: The contractor?

Mr. Charlton: At least he has an office here. I don't know if he has offices elsewhere.

Hon. Mr. Auld: At any rate, I know that in the north, in some of the remote places like Moosonee, Pickle Lake, Red Lake, Armstrong, Ear Falls and Balmertown, it is very difficult to get people. I will inquire about that. My guess is that Government Services, if they had a management firm, did it that way because they did not feel they had sufficient resources of their own; because they have reduced their field staff somewhat.

Mr. Charlton: Let me take this a little further just to give you a couple of examples of the kinds of problems it causes. Not only is there the obvious extra markup to the taxpayer, but there is dual management on a project like that. You are right, the project started out with insulation and then they put up wallboard and panelling and ceiling tile inside; and new plumbing and new kitchen cupboards.

Hon. Mr. Auld: There were leaky roofs too, I recall.

Mr. Charlton: Right. They redid the roofs, the whole package. For example, in the case of the kitchen cupboards, the contract was running a little bit behind schedule. They wanted it finished so the contractor went to the management firm and said, "Look, the specs call for custom-made cupboards, kitchen cupboards. I can get done a lot faster if I go

out and buy ready-mades. Is it okay if I do that?" The management firm said, "Yes." He bought the ready-made cupboards, had them delivered to the site, the ministry inspector showed up and said, "No. They don't meet the specs. Do it the way the specs are laid out." That adds another additional cost to the project. You are getting dual management, you are getting duplication; you are getting problems like that.

Hon. Mr. Auld: And a hell of a lot of cupboards!

Mr. Charlton: For example, my suggestion along these lines would be, and I made the same suggestion to the Ministry of Government Services, that because of the situation, because of these kinds of things happening and because advertising does not always reach everybody, when the ministry—and I don't think they should play any favourites, mind you—has had satisfactory work done by a contractor that they have tendered to directly or a contractor who has subcontracted on government contracts, when they have work to let in that line, perhaps a simple letter informing them of a particular project would save them not only some time to find somebody, as you suggested to go to an area like that, but would also save the taxpayers some money in terms of a direct tender.

Hon. Mr. Auld: Years ago we used to do things by invitation and there was a great deal of criticism, because immediately anybody who did a job without tendering was accused of being a friend of—

Mr. Charlton: I am not suggesting the job should not also be advertised.

Hon. Mr. Auld: I think if you advertise it, then there isn't much point in inviting people. If they are interested they will bid anyway.

Mr. Charlton: If they happen to be around. For example, as I say, in renovation jobs like that, you are talking about very small construction firms. I talked to a number of these contractors and their complaint was that most likely the owner of such a firm is the only full-time staff. When he has a job he hires the construction workers to work. He sometimes has a part-time bookkeeper. When he is not working he is in his office himself; sometimes he has a part-time receptionist to answer the phone. But if he is on a job and out of town, he is not necessarily aware of what is being advertised.

Mr. Sterling: You would have to open it up so that anybody who wanted to be put on a list—

Mr. Charlton: Sure. I am not suggesting they should be limited in any way. I am just

suggesting there is a duplication going on here that is costly, and we should be looking for some way to get around it.

Mr. Sterling: You suggested you cut off the list anybody who had not done a satisfactory job.

Mr. Charlton: Anybody who does not do a satisfactory job should ultimately be getting cut off the list anyway, and that in fact happens. If you look at the annual report of the Ministry of Government Services, there were a number of contractors who, even though they were low bidders on contracts, were not awarded contracts because of unsatisfactory work in the past.

Hon. Mr. Auld: Yes, and that is one of the problems with the sanctity of the low bid. You can have great suspicions that somebody is not going to do it right, sometimes he bids so far below the estimated cost that you know he is going to be in trouble, and yet you have to get stung once or you are accused of not taking the low bid. That is one of the great dilemmas.

Mr. Charlton: Yes, but that is a process that already goes on in terms of unsatisfactory work.

Hon. Mr. Auld: Last night we were talking about federal sales tax and provincial sales tax and the reciprocal agreement. I estimated the figure I used, because I did not have the figures with me and it is really the Treasurer's bailiwick anyway. I said something about \$32 million. Actually, the estimated cost to the province of paying federal sales tax yearly is about \$32 million. The estimated yearly take from the feds' paying provincial sales tax is \$43 million, so that we estimate a gain of about \$11 million a year in a full year, and over three years about \$33 million.

Mr. Charlton: I think you said \$32 million last night over three years.

Hon. Mr. Auld: On the microfilm machine, we got hold of Revenue: The machine was requisitioned on December 22, 1976; I will avoid the obvious comment. It was delivered on February 14, 1977, and installed and became productive on February 28.

The ministry now wants to deliver data on changes of ownership, et cetera, by microfilm rather than by photocopy. The change-over has been going on gradually over the past few years in Revenue's offices. The one received in Hamilton was one of 12 ordered in December, 1976, which will be sent to Revenue regional offices.

This will cheer you up: The Hamilton microfilm machine is now 40 per cent utilized.

Utilization increases each month and the machine should be fully utilized within the next six months.

Mr. Charlton: When did the utilization start? It had not started as of June.

Hon. Mr. Auld: I will have to call them back. I did not ask that, but it is working.

Mr. Nixon: Is that the famous copying machine?

Mr. Charlton: No. That was the microfilm machine. But as of June it had not been utilized at all. It may, in fact, be being used now; but the last time I talked to them in Hamilton it had not been used and they did not know when it would be.

Hon. Mr. Auld: It was the end of the calendar year, but not the fiscal year when they—

Mr. Charlton: That is when it was purchased by the ministry. As I suggested last night, it was delivered in Hamilton in February, and I think that is what your memorandum there shows. That is when it arrived in Hamilton.

Hon. Mr. Auld: February 14, as a Valentine's present.

Mr. Charlton: One other thing on which I don't want to get into a long discussion, because we talked about it somewhat last night is this political rights thing. I am just wondering if the ministry would be prepared to at least have a look at the legislation in other provinces and compare it with the legislation in this province. At least do some kind of review of the rights of civil servants in this province compared to those of other provinces.

[11:00]

Hon. Mr. Auld: I can't remember the figures, can you, Stuart? There are two or three other provinces where they have no restrictions, and the remainder are similar to our own. The feds, of course, have restrictions.

Mr. Charlton: When I was referring to the review of legislation, I was suggesting, for example, that you not only look at the legislation but that you take a look at any problems that have arisen in those provinces where there are no restrictions. In other words, is there any evidence of a necessity for the legislation we have in Ontario?

Hon. Mr. Auld: There was an awful lot of necessity for it before it was passed, back in the thirties and early forties, I think it's fair to say.

Mr. Charlton: Maybe, I wasn't around then.

Hon. Mr. Auld: I wasn't active myself, but I have heard many tales of what happened. In New York state, for instance, when the governor changes about 17,000 jobs change. Without prolonging this, it doesn't seem to me to be the kind of job security that will attract good people to the public service.

Mr. Charlton: Might I suggest, Mr. Minister, that the bargaining unit, through negotiations, largely takes care of job security in terms of those kinds of things. Obviously, any political hirings or firings already happen at the top, if they are occurring at all; if they're going to occur under political freedom they'll happen at the top and they'll be directly your problem and the problem of deputy ministers and so on.

But I think in the case of the bargaining unit, you're not going to have the problem of civil servants being replaced by new governments. They have their contracts; they have their bargaining rights, and they have their job security in terms of the whole process of hiring and firing.

I'd just like to see the ministry have a look at it, have a look at the provinces where the process has been opened up to see if, in fact, there are real problems arising. I don't think there are.

Hon. Mr. Auld: I guess I can say that we're reviewing things all the time.

Ms. Bryden: The three provinces that have no restrictions are Manitoba, Saskatchewan and BC.

Hon. Mr. Auld: I know; it came as a great surprise to me.

Mr. McGuigan: I see that supplementary summer student employment is under Management Board. Which vote would this be under?

Mr. Chairman: Vote 501? An Experience '76 project?

Hon. Mr. Auld: Last year we had Experience '76 in the Civil Service Commission, a student program for about 95. This year that money was allocated out of the general sum of originally about \$14 million to all ministries for summer employment. In the current year, the Civil Service Commission is not doing that, but the Management Board had a small program.

We also had money in the contingency fund for summer employment, because at the time the budget was set, which was starting off about September of the year before, it wasn't clear which ministries and how many people would be in the program.

The Youth Secretariat was really in charge; and it reports to the Provincial Secretariat

for Social Development. It allocates general funds for student programs; I think there was a Management Board order. I'm not sure if we've got all the bills in yet for summer employment for this current fiscal year.

At any rate, it seems to me it went over the top. It is a very hard thing to control. We are anxious to have as much employment this summer as possible, but we found offsetting savings elsewhere, so that in fact the amount that was budgeted was \$14 million plus \$5 million; that is across the whole government.

Mr. McGuigan: Does this also include the agricultural students who were paid \$1-an-hour subsidy?

Hon. Mr. Auld: No, that was with OYEP. That was the one where employers were subsidized.

Mr. Chairman: Mr. McGuigan, that was under Treasury, the subsidy branch; Mr. Trewin's branch, looked after it. I think Mr. McLeod was in charge of that program.

Mr. Deans: I wanted to find an answer to something that has been bothering me. Earlier it was stated that one of the functions you performed was to make sure that resources were not being wasted. I was particularly interested in that comment, because it seems to me that if that is your function then you must have developed some techniques to ensure that the resources are not being wasted. I wanted to know if you could tell me whether or not you have a method, on either a cost-benefit basis or some other basis, of determining the impact of the government's current cutbacks in employment in terms of the provision of services?

You can obviously tell me how much money will be saved by reducing the size of the civil service; I don't deny that. I imagine too that you can project ahead and tell me, on the basis of the operative ministries guesses, what they will likely end up with as a complement within the next 12 months, or even in the next two years.

My worry is one that I notice paralleled by a statement of the OPSEU, and I hadn't seen the statement until this morning so I didn't realize they were asking the same question in exactly the same way. But in certain ministries, it would seem to me that the cutbacks being undertaken could well reduce the impact of the staff on health patients, social services' clients and others; the impact of their work and the provision of the services that they're being paid to provide could be reduced by these cutbacks. There's got to be a point below which there is no return for the money. What you may

really be doing is cutting back to the point where we're not receiving the service we're paying for. Because of the cutbacks, you may be moving from, in one instance a therapeutic service—a service that's intended to improve either the lifestyle, or make self-sufficient the individuals being provided for over a period of time—to a custodial service.

Does Management Board have some mechanism for assessing the impact of the cutbacks in selective areas? Do you have some project areas that you're looking at? Have you looked at various ministries and said: "We're going to make an assessment in the Ministry of Health"? Let me use examples that are current, say mental hospital reductions; in the case of social services, are you looking at a particular area, taking the caseload and the case worker and determining whether or not the cutbacks detrimentally affect the ability of that person to do the job of work they're hired to do? Are you considering that although we might be paying out a little less, the service we are getting is considerably less; or on the other side of the coin, are you satisfied they are able to provide all of the service we are paying for with the reduced staff? Give me some idea of what's happening in Management Board.

Hon. Mr. Auld: You weren't here when the secretary, Mr. Anderson, gave a general run-down of what Management Board does in answer to a question from Ross Hall. The basic operation, I think I mentioned in the House, is the management-by-results program. While we have about half the ministry programs on management-by-results at the moment, we expect to have virtually all of the rest on by the end of the fiscal year, although there are some difficult problems in some of the social areas.

I would say that as far as Management Board is concerned, reductions that have been made to the original requests for additional funds from the ministries have to be met by the ministry with their best judgement.

It will vary from ministry to ministry, but to give you just one example: In Highways some years ago, when Highways were looking at things to reduce, they stopped painting the posts at the side of the road, and that saved them about one man-year per patrol. There were some other things they didn't do as well. The service was no longer being provided, but the province hasn't ground to a halt because the poles are wood coloured instead of white.

Some of that is going on presently. I would assume that in the ministries that are providing treatment, their first look is at their administrative structure. I am sure it is possible

to reduce that, and reduce some of the paper work which has crept into the system over the years, to get better control.

One thing you can get into in business, and which will swamp you, is something like cost-accounting. With this you can tell within a tenth of a cent what is it costing you to make something, but it doesn't really matter because unless you can compete in the market you are not going to sell it. For instance you can have few errors; you can have everything checked five times and have very few errors, but the cost of that may be four times the cost of the average of errors that you would have in the area if you only checked it twice—that kind of thing.

Mr. Deans: I understand, but there are certain areas where to make a determination as to the benefit you get for the money that you spend would be a relatively simple thing. Some of the operating ministries could almost have an expeditor who would determine whether or not you are getting X number of whatever it is, and that what you are getting per hour is the equivalent of a good service for the dollar spent.

In the social service field, it's an entirely different operation. I think it's probably to some extent true in certain aspects of the justice field, certainly in the policing end of justice. It's very difficult to determine whether or not cutbacks, for example, enable you to receive the same kind of protection and return on dollars invested that you would be getting previously.

My worry about it is this; because it's difficult to make the determination in social services and health—we will deal with that first of all—it doesn't get done. What you have is a diminishing level of service. That diminishing level of service is never measured against anything because it is very hard to measure. You don't notice it because it happens gradually. When people talk to me about reducing manpower by attrition, one of two things has to be proven: You might have too many people in the first place; if you have then we should be taking a look at what the complement ought to be, over and against the service that has to be provided. It doesn't—

Hon. Mr. Auld: That is what MBR is all about.

11:15]

Mr. Deans: But it may be, you see, that it appears to be a much more humane way to deal with the employees if you reduce the staff complement by attrition, by retirement. That's true and I subscribe to that where that's required to be done; but the trouble is that doesn't in any way provide an accurate

measurement of whether or not that reduction provides the service.

The examples in my mind are really not terribly important from your point of view, but I want to know what the mechanism is. How in the name of heaven do we know whether or not, in the case of a mental hospital, or in the case of a case worker in the social services field, or in the case of a general hospital where they are funded—if not entirely, certainly almost entirely through one level of government or another—how do we determine whether in an effort to save dollars we are not simply reducing services to the point where the dollars we spend are wasted?

You are not saving money if you spend a little less but you are not getting anything in return for it. You can state publicly that you have cut down expenditures by X per cent and for a great number of people that will satisfy their desire to have their expenditures reduced. We all would like to see that. But unless you can truthfully say that what you are still spending is yielding you a return that meets the needs of the people who have to have the service, then you really are wasting all the money you are spending.

My worry is that we don't ever seem to make that kind of judgement. It may be made, but I don't find anyone answering for it. I don't find anyone telling me that where we once required a staff of three on a ward we can get by with two; that those two are able to provide all of the wide range of services that are needed by the patients. I don't hear anybody telling me that where the caseload was 10 in the case of a social worker in the field, we can increase it to 12, and that individual is able then to provide all of the care, during all of the time those people require it.

I'm not talking about what they want. There is a difference between their wants and their needs, but I don't see that being examined. My concern is that we may be wasting a hell of a lot of money because we are not getting the benefit for it. To spend just a little more may be the prudent way to deal with government finance.

Hon. Mr. Auld: I can't give you definitive answers, but speaking hypothetically I suppose that over the years large organizations have a tendency to get larger, and the larger it is the harder it is to control activities away out there, so to speak. You might have had three people on the ward and one in the office, and you now have three people in the ward and five in the office. You can get four or three of those out of the office and still

keep the patient care, which is what we are talking about, at the same level. Whether three is the right number simply because that is the number that have been there for years, is another question as well. As the secretary said earlier, that's one of the problems in any kind of a quantitative measurement of a program that it is difficult to achieve.

Mr. Deans: Tell me how you do it.

Hon. Mr. Auld: How can you tell the efficacy of treatment, say in the psychiatric field, particularly for the elderly? I am sure that somebody believes they can do it and it may well be so, but I don't know the method.

I think it's pretty long term, we are still learning about those things. I would say up until now, certainly, we have had a significant reduction, and I am not aware of any great cutback in the actual programs that are being delivered, any significant reduction in the service that is being provided.

We have done some things, for instance, which have made things a little more inconvenient. In maintenance staff I think we will probably be continuing to go to contract, or perhaps yearly standby contract, for plumbing and things; for example instead of having a plumber on staff in a Government Services office some place, Kemptville for instance, and sending him around when there is a leak in the pipe in the St. Lawrence Parks Commission office in Morrisburg. It may well be, and I think it probably will be, more economical; providing we can find a way of doing it that meets public scrutiny in other ways and that it's not the local Tory co-chairman.

Mr. Deans: Who else could it be in Morrisburg?

Hon. Mr. Auld: In Morrisburg, it's hard to find anybody who isn't a Tory. That's a problem in Leeds too. It's very difficult, delightfully difficult. But seriously,—

Mr. Deans: That was serious, believe me.

Hon. Mr. Auld: —I think we can save some money. I can remember an occasion years ago involving the parks commission when somebody blew a fuse in the water pump at the Mallorytown Browns Bay Park. I was on the commission at the time and I had a fit because I saw by the pump house a commission truck. I happened to be going home from Toronto and I wanted to see what was going on. It was the electrician who came down with the fuse. That's 42 miles, half a day's time.

We made arrangements to have two or three electricians around who told us what their hourly rates were and I hope we still have.

Mr. Deans: That still comes with hiring a local Tory. You're taking me away on a side trip. I'm enjoying it, but it's not exactly where I was trying to get to.

Hon. Mr. Auld: I'll take you to Upper Canada Village if you want.

Mr. Deans: Yeah, I've been there too, incidentally. It's a very nice place but that's beside the point.

Mr. Chairman: May I interrupt please, Mr. Deans?

Mr. Deans: Sure, of course.

Mr. Chairman: We have about 35 minutes left.

Mr. Deans: Well, I'll only take two minutes.

Mr. Chairman: At this rate we won't get off the first item of the first vote. The time allocation is up to the committee. I just wanted to remind the committee that there are five votes under Management Board, and it occurred to me that perhaps the committee might want to spend some time on some other votes.

Mr. Deans: If I could have just two more minutes I will be happy to pass the matter to somebody else.

Hon. Mr. Auld: Before you get on to that now—

Mr. Deans: We're off again.

Hon. Mr. Auld: —can we give the secretary about two minutes, because management by results is something we are all interested in; we are particularly interested in it and would like to tell you about.

Mr. Deans: Maybe when he's telling me in the next two minutes he would also address himself to the statement you made that you can find no reduction in the service provided. What I'm asking you is, since you can't find any reduction in the service provided, therefore you must have a method of measuring it. I want to know what it is. That's what I started out asking. If you can't find any reduction then that must be because you know how to measure it and I want you to tell me how you do it.

Hon. Mr. Auld: I said I have not perceived any.

Mr. Deans: Okay, it's you I was asking. I'd be happy to have somebody else tell me.

Mr. Anderson: As the minister has said, and as I said earlier, the basic tool, imperfect though it is, that we're working hard to make more effective is the process of managing by results. The essential element of that process is that we and the ministry reach mutual agreement as to what results are meant to be achieved in the course of a fiscal year in

exchange for the resources assigned to the program. In the course of doing that we try to identify mutually—we've got to agree on this because it ends up as a sort of contract between the ministry and the board—what are the indicators of the results.

You're quite right, of course, to point to the social and the justice areas as more difficult activities on which to quantify results than, say miles of highway or the building of sewers and that sort of thing. Although it's more difficult, it is indeed quite possible; and we are making substantial progress. Leave aside for the moment the question of cutbacks, we can ensure, I feel—and I think that if there were the time we could produce evidence of this—that there's less waste annually or that the program is being run more efficiently. We can do this by, if you like, leaning on the ministries as we renegotiate the contract annually and saying, "Now come on, you seemed to do that quite effortlessly. You've produced the results you said. You handled your case-load in social work and you d'dn't fall behind at all. So why don't we just tighten up the ground rules a bit? Why don't you try and do that with two fewer people, or with \$100,000 less out of your multi-million dollar program? Why don't you just undertake to do the same case-load with a little less resources?"

If they agree that ought to be possible, especially if they hope they can apply the resources elsewhere, we get a new contract for that program. I would hope that you would accept that as we make progress in this process it is possible to tighten them up and to ensure that the same results are achieved annually for less cost in dollar and manpower resources.

Now at a time of cutback how does this process work? Needless to say the ministry screams blue murder and says, "We've got to have a new contract. We can't produce the same results if you are going to cut us back."

This dialogue goes along and at the macro level, when the government is deciding how to assign resources, when they are deciding what priority to give to the resources field and the justice field and the social field, there are bound to be some programs where it is harder to deliver at the same rate as at others, depending on how the government shifts the priorities.

Down at the micro level, it is possible to discern whether any given program is going to have to be really cut back, but I have to agree it is an imperfect measure.

Now, let's go to an easier example. I hope the minister will allow me to say that

a lower level of service is discernible on the provincial highways; the grass isn't cut as regularly as it was three or four years ago, for example and while that is a discernible lowering of the level of service, it is nowhere near the unacceptable minimum.

I am saying that this process of measurement, although embryonic and still an imperfect, pretty blunt instrument, is the basic method by which we attempt to relate results to resources, whereby improving efficiency, reducing waste and at the same time having the means of advising government on the impact of possible cutbacks. I wish I could be articulated more specifically.

Mr. Deans: Time doesn't permit me to pursue it, though I'll try a little later in some other way.

When you have ministries where you can actually measure the output, highways being a good example, then that process will work. I'm sure it will work. You can delay; instead of doing something every two years, you could do it every two and a half years. There is no doubt you can save money.

However, please be cautious about applying the same standards to the area of social service, social service in the widest understanding of it. Please be careful about it, because as one year goes into the next, the measurement will be the measurement against last year's performance, the definition of what is expected will alter in accordance with the performance of the previous year. You will find a gradual diminishing of the return on your dollar investment. What happens is that it affects people's lives very dramatically.

I am not sure you can apply the same measurement standards in that field that you can apply to whether or not you are going to cut the grass along the highways frequently, which is a good example.

I don't know how we do this, but I would like to pursue it and will. I may come and sit down to talk about it, because I want to find out more about the actual methods of measurement.

Vote 501 agreed to.

Vote 502 agreed to.

On vote 503, management audit program, item 1, operational review:

[11:30]

Ms. Bryden: Mr. Chairman, I think I asked the minister yesterday how much was being spent on outside consultants and whether that comes under operational review, replacing the management consultant program, or whether that comes under this particular vote.

Mr. Chairman: That should have come under vote 502, item 3.

Ms. Bryden: Do you have that information, Mr. Auld? It was a question that I raised in my lead-off. How much is being spent on outside consultants?

Hon. Mr. Auld: You mean what Management Board would spend or the operating ministries? There are some rules about this, perhaps that might answer it.

First of all, there is a degree of expertise within the government, but the majority of ministries that want to use management consulting or other consulting services, other than computers, procure those services from the private sector. In computers they have an opportunity to go inside as well. They make a choice, and each source would tender.

If the estimated total costs of the project are over \$100,000, they have to come to Management Board to get approval to have consultants in the first place. In other words, they have to have a good case for requiring consultants; that's as a general rule.

If the costs are estimated to exceed \$10,000, and it has to do with a financial information system or an organizational study, they have to come to Management Board to justify the study.

If the estimated total costs are over \$15,000, they must tender it and get three bids. Then they must come to Management Board to get approval to enter into a contract. Generally they take the low bid, but sometimes they don't in the consulting field. If there is a good reason to take the second or the third out of eight, then Management Board might give approval.

Ms. Bryden: Have you any idea how much has been spent in the last fiscal year on outside consultants?

Hon. Mr. Auld: We wouldn't have a global figure because it is a discretionary thing within the guidelines I've mentioned for a ministry; they would find the money in an item in a particular vote which would include services.

Ms. Bryden: But you would have a figure on the amount approved by Management Board approvals, would you not?

Hon. Mr. Auld: No; I could get it for you, in the course of a year I could get the estimated cost. It would take an awful lot of digging. There haven't been many; we had a moratorium on consultants a year ago. That was from July until Christmas, 1975.

Ms. Bryden: I was wanting to know how much had been spent for the last fiscal year, after the moratorium was lifted.

Hon. Mr. Auld: I hate to do this, but I suggest you put that on the order paper. It's

going to be a lot of work for a lot of people, but the information could be made available. It would probably take a month or two to dig it out.

Ms. Bryden: Okay, I'll do that Mr. Minister.

Mr. Chairman: This is actually under a vote we passed, Mr. Charlton, but if you have a brief question, go ahead.

Mr. Charlton: Right, it's on the same topic. In the estimates of the Ministry of Government Services we learned that the management consulting services they had provided up to this point are being phased out. That's obviously going to affect the guidelines and the structure in the future.

Hon. Mr. Auld: No, because the same thing applied. They have to bid too and their problem basically, as probably was explained there, was that they couldn't keep a steady flow of business and consequently they were a long way from breaking even.

Mr. Charlton: Right, yes; I understand their situation. I'm just saying that in future the vast majority of the consulting services are going to be outside, as opposed to this year and last year when there's been a split.

Hon. Mr. Auld: That's the way they always used to be too.

Vote 503 agreed to.

Vote 504 agreed to.

On vote 505, government personnel services program, item 1, temporary help services:

Ms. Bryden: Usually this is in place of hiring outside services such as Office Overload. I think that was why GO Temp was set up, and I understand that's what comes under this item. Is the government now using outside Office Overload services instead of maintaining GO Temp? Is that why the vote is going down?

Hon. Mr. Auld: No, GO Temp has never supplied all the requirements of the government for short-term employees, generally stenographic and clerical people. The rent control program, with the exception of five people I think, is all temporary staff. I've forgotten the name of the low bidder, but an outside firm is supplying the rent control staff around the province; and also administering it.

I think that GO Temp last year supplied about 60 per cent of the requirements. But here again the ministry gets the cost figures, and if somebody underbids GO Temp I assume the ministry uses them.

Mr. Sachse: That is correct. The difference between the \$7,000 and \$1,000 is purely an

accounting or technical thing. The system is designed to break even, that is zero the budget out. There's just a convenience figure in order that it appear in the estimates, because in actual fact if it did balance out to zero there would be no vote on it at all, so there is something in there.

The actual expenditures are obviously way in excess of the \$7,000 and \$1,000 shown in the estimates. It's netted out so that the returns we charge back to the ministries brings the gross figure back down to zero.

Ms. Bryden: Yes, I understand that. Could you get us some figures on how many GO Temp employees have been on staff for long periods in ministries where perhaps a permanent position could be created? Also, is it cheaper to keep a GO Temp person on when you have a long-term position rather than to create a permanent position?

Hon. Mr. Auld: That wouldn't be too difficult. I can tell you one, Marian, where you'd have a peak work load. Colleges and Universities have, from about September until Christmas, a requirement for 15 or 20 people because of the student aid program and all the applications that come in. Some of those ladies have been there since the program started. They come every year; I suppose they do nothing else. It's great, because they know all about it.

You have all the advantages of experienced people, but without the problem of what would they do from January until September.

I think we could tell you roughly how many years some of our people have been with us in GO Temp, many over five years. I don't have the figures, but we have a number of what we call regulars who have been with us for a long time. As a matter of fact, we have a number of temporary help people who have been offered regular civil employment but prefer to be in the temporary arrangement because when their kids get out of school in the summer they want to quit or that kind of thing.

Ms. Bryden: I have just heard that in places like administration of the Wintario grants that a lot of GO Temp people were being hired on a fairly long-term basis, and there probably would be room for some permanent jobs being created there.

Hon. Mr. Auld: Part of that we touched on last night in the problem which arises when we have a complement control system rather than a dollar control system for staff.

This is the question Bud Wildman was asking specifically, how many of those people who have been on the unclassified staff for years and years were really filling permanent

jobs and when are they going to be able to get the same benefits? In fact Wintario, as administered by Culture and Recreation was one of those. They got caught in the freeze and when the Wintario program started they had a very high proportion of temporary people; in the new system we can solve all that.

Ms. Bryden: It's very unsatisfactory for the employees, since they get practically no benefits, those who are on for a long term. I think the situation should be looked at. If they are going to be there continually, administering these Wintario grants, there should be a decision whether there shouldn't be an addition to complement.

Hon. Mr. Auld: Curiously enough, in a number of cases with a number of people now going on full-time classified service, the amount of the additional benefits, pension and so on that will have to be paid is outweighed by the saving in overtime and the cost of part-time people, where we had two or three part-time people in the course of a week doing the work of one person, but really doing a little more than that.

Ms. Bryden: I don't know whether Mr. Wildman's discussion can come under this vote or not.

Hon. Mr. Auld: I don't know that we can give you the total figures of the number of unclassified people who will be offered classified positions, because we haven't got them all yet but perhaps Mr. Sachse can answer the question you were asking last night, Mr. Wildman, about unclassified people who have been on for a long time.

Mr. Chairman: We recognize your problem in that you had to speak in committee next door, Mr. Wildman. Do you think you can confine your remarks under this vote? We are on vote 505, government personnel services program, item 1, temporary help services.

Mr. Wildman: I just wanted to point out that I have raised with the minister, and with the Minister of Natural Resources (Mr. F. S. Miller), the problem of temporary employees so-called, and the fact that many of these people who are being treated this way really are not temporary employees in the sense that they are just needed for a certain season, like the fire crew or tree planting under Natural Resources, but are people who work at clerical duties, in maintenance, even to the extent that some of them are naturalists who work for parks and could very well be employed in the winter time as well. I recognize that Management Board has been trying to deal with the problem by suggesting to the ministries, especially MNR and MTC that they should look at their staffing and determine

what temporary people really are needed on a year-round basis and then make an application for an increase in complement in permanent employees, and then switch those temporary people to a permanent classification.

[11:45]

I want to point out, however, what is happening in some cases, and I have the figures for Algoma—not just Algoma but the whole northeastern region in Natural Resources right here. The staff increase requested by the northeastern region of Natural Resources—office staff, support staff and field staff—total, I believe, 48. I want to point out that that number, 48, does not represent the total number of people who have been on casual staff for many years.

For instance, I know of one individual who has been a so-called casual for Natural Resources for 20 years; he is laid off every year for five weeks. He is a maintenance person. Once when he was laid off another person was hired to do work he could have been doing for the period of time he was laid off, and then he was rehired. Now obviously he should have been kept on.

Even though this looks like a substantial number, and if these people are accepted, or a large proportion are accepted by the Civil Service Commission and by Management Board and will be made permanent, you've still got a problem. I know of another individual, for instance, who has been a casual employee, supposedly, or temporarily employed with Natural Resources, for five years. He is a foreman. He trains other people. He runs the job, but he is not included in these figures. When he came to his supervisor and said, "Look, why wasn't I considered one of the people to be put on permanent? I'm good at my job, obviously you need me"; they just said, "We could only go for so many and we couldn't include you." So you're still going to have the problem. I would just like your comments on how you deal with that and how you're dealing with this whole problem.

Mr. Anderson: I think I will put it quite briefly. The prevailing situation, as everyone has been saying for quite a while, has been very unsatisfactory. The nature of the problem heretofore has been that we have controlled the size of the regular staff, those classified as civil servants, by head count of complement to line up the number of people you are allowed to have on the regular staff. At the same time we have not controlled as rigorously how much money the ministries have for personnel. They could, in fact, at one stage, move money from other stagnant accounts—transportation and communications,

services, supplies and equipment—into salaries and wages so that they had the money to hire more staff than they were entitled to have on the regular staff by quite a lot. That is not only the money they had for true seasonal people, but extra money to get around the strictures of complement. We reached the point of no return on that, we had to reform the system.

What the government has decided is to do away with the term complement and the connotation of complement altogether, and to control the size of the work force, which does need to be controlled, by a global salary and wage dollar amount for each ministry which cannot be exceeded, and prohibition against transferring money from other standard accounts into salaries and wages; so that when they get their salaries and wages in their estimates a global amount has got to do them for the year for the size of the work force. That gives them quite a bit of flexibility over the kinds of people that they can hire.

We then are removing the artificial distinction between classified civil servants, who were heretofore controlled by complement, which now they won't be, and what might be classified full-time, continuous, unclassified long-term people of one character or another.

Mr. Wildman: That's what they are.

Mr. Anderson: For each ministry for next year's estimates, we are including within the global salary and wages, one other global figure, less than the first, the amount they are entitled to have for classified civil servants—amount of dollars, not complement—and the difference between the two is the amount they need for true seasonal or special peak load, unclassified.

Mr. Wildman: Right, which is fair.

Mr. Anderson: And the calculation—this has been gone through with each ministry this very month—the calculation of what their classified structure ceiling, the global amount for classified service will be, takes into account the unclassified people who have been full-time continuous and who you might say, and might be right in saying, should have been classified civil servants, it takes that into account.

Mr. Wildman: What do you do about the problem when basically you have gone to the ministries and said: "All right, how many people do you have permanent or have you been using permanently but are unclassified? What should your complement be?" They give you a number of figures, but then you have the local district manager saying, "Look,

I can't ask for all these guys." He asks for a lesser number, so you are still going to have the situation.

Mr. Anderson: Well if what you are saying is what does the ministry head office do in levelling with us as to what their real complement, to use the old fashioned term what their real complement entitlement should be; and are they faithfully portraying what their field offices say they really need; those things you would have to ask the ministry.

Mr. Wildman: I will.

Mr. Anderson: But as between the ministry head office and us; what we are prepared to recognize as a true complement figure to convert into classified structure dollars for next year, that is a very hard-nosed discussion as to who have you had unclassified that perhaps you should have had classified. We get that nailed down, and that's a process of discussion between the Management Board and the ministry, and then once they are converted to this new manpower policy of dollar control, they are then free; each ministry as it gets converted is then free to put on the regular staff those who are entitled to be there but heretofore were prevented by complement.

Mr. Wildman: I just want to make one comment on your dollar control figure and that approach. It seems to me what you are going to end up with in Natural Resources is a situation where there are going to be more clerical people hired than field staff, because they don't pay them as much.

Here you have a situation—and I have a quote here from the Sault Daily Star, November 4, by regional personnel officer, northeastern region, Natural Resources, Ted Clark. He says: "In the summer of 1975, we had a regular staff of 476. Since that, it has been reduced and we have held the line at 432 in the northeastern region for the past 18 months. Current negotiations based on the total financial ceiling as opposed to a people figure"—which is what you are talking about—"are under way.

"There will be benefits. Before we could choose between a \$30,000 a year forester or a \$15,000 steno. Now the ministry will be able to hire two stenos and hold to the budgetary figure of a total number of dollars. The dollar figure won't change. The ministry is currently negotiating changes."

Well basically if I look at the figures that have been requested under this new approach, the total number of office and support staff is 29, and the total number of field staff is 19 out of the 48; and in some

districts substantially more office staff have been requested than field staff because they don't cost so much.

Mr. Anderson: Mr. Chairman, I think what the member is saying is as old as the accusation in any organization that the head office looks after themselves very well and neglects the people in the field. Also what is being reflected there, I would feel quite sure, is the fact that that's where they actually have got the people on staff.

Mr. Wildman: I just want to point out one thing, that in one of the districts they had I think four or five clerical casuals, temporary so-called, who had been working for anywhere from two to five years for the ministry, with the annual layoff, and they had almost exactly the same number of support staff and almost exactly the same number of field staff, and yet there was more office staff applied for.

Mr. Anderson: I can only point out, Mr. Chairman, that in a ministry like that it shouldn't be too difficult, this is what managing by results is all about. If in fact they get the wrong balance between people who are actually delivering a service and the support staff, their results for a given investment of resources are going to look worse; and they are going to have to explain that since annually their results for resources are meant to at least maintain the same level or look better. This is a discretion we have to leave to ministries.

Mr. Wildman: I understand that, and I will be raising that in the Natural Resources estimates.

Hon. Mr. Auld: I should mention to you, too, the other little exercise of Management Board. It has been directing the ministries, not entirely arbitrarily, to reduce their—the word we use is "superstructure." We have reduced the number in the last 12-month period including deputy ministers, directors, executive directors, assistant deputy ministers, by a net of about 60; and this even though we had additional people for a new Ministry of Northern Affairs. This year we have a target of 25; it was 66 last year, including four in Natural Resources.

If you take out one person at \$40,000, you could put in three at \$12,000. That is not their choice; this has been directed by Management Board to each ministry. In fact, we have to find one more in Management Board.

Mr. Chairman: I am wondering if you could pursue this with Natural Resources? We would like to free the minister, he has to be at cabinet at 12 o'clock. I undertook to get him out of here by 12 o'clock.

Mr. Wildman: Thank you, Mr. Chairman for your indulgence. I just want to leave one comment with the minister.

In November, 1976, he gave me a commitment he would try to tell me the total number of unclassified staff in the government service. I still haven't received that figure. Also, I would like to know what, if anything, has happened with the idea of the three-month layoff rather than the five-week layoff of unclassified staff.

Hon. Mr. Auld: That will become academic now. The estimate is about 2,000, give or take a hundred or two, full-time unclassified people. Illegally unclassified, according to our rules, since they should be classified. They should have the benefits of the civil service. A large number are in Resources; a large number are in Correction Services; and proportionately a fair number, in Culture and Recreation.

Mr. Anderson: The unclassified staff, one must realize, fluctuates greatly according to the seasons, but the winter level is of the order of 14,000 to 15,000. Of these, something of the order of 2,000 will find themselves in the regular staff by virtue of this assessment. They were improperly penalized by the strictures of complement control.

Mr. Wildman: I thank the minister for his efforts, I just think there are going to be more problems in the future.

Hon. Mr. Auld: If there are not any problems we will be out of a job.

Mr. Wildman: I thank the Chairman for his tremendous indulgence in allowing me to go on with this topic.

Item 1 agreed to.

On item 2, French language services:

Ms. Bryden: Mr. Chairman, I would have liked to ask questions on that, but I guess the minister can't stay to explain the tremendous drop in this vote from last year—\$759,000 down to \$183,000.

Hon. Mr. Auld: We can very briefly say it is a transfer item. We used to pay the teachers and then the feds repaid us. Now the feds pay the teachers directly.

There were 34 teachers to whom we could not give permanent status who wanted to have permanent status. The federal Civil Service Commission, in negotiations between Mr. Gallant and Mr. Clarkson and Mr. Sachse, said they would take them under their wing. They now pay them directly rather than our employing them and sending the bill to the feds.

[12:00]

Mr. Anderson: The same level of service is being provided Mr. Chairman, the same amount of money is changing hands and getting into the right pockets. Heretofore it had to be budgeted through the provincial estimates and then reimbursed from the feds. Now the feds are doing it directly and therefore we aren't asking the Legislature for as much money.

Ms. Bryden: You have saved yourself a question in the House.

Vote 505 agreed to.

Mr. Chairman: This completes the estimates of Management Board. We will reconvene at 1 o'clock to consider the estimates of the Office of the Assembly.

The committee recessed at 12:02 p.m.

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 Charlton, B. (Hamilton Mountain NDP)
 Deans, I. (Wentworth NDP)
 Hall, R. (Lincoln L)
 McGuigan, J. (Kent-Elgin L)
 Nixon, R. F. (Brant-Oxford-Norfolk L)
 Sterling, N. W. (Carleton-Grenville PC)
 Wildman, B. (Algoma NDP)

Officials of the Management Board of Cabinet taking part:

Anderson, W. A. B., Secretary, Management Board
 Clarkson, S. W., Chairman, Civil Service Commission
 Sachse, R. K. D., Executive Director, Staffing Division



No. G-18

Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Office of the Assembly



First Session, 31st Parliament

Wednesday, November 16, 1977

Afternoon Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

WEDNESDAY, NOVEMBER 16, 1977

The committee met at 1:19 p.m.

ESTIMATES, OFFICE OF THE ASSEMBLY

Mr. Chairman: Mr. Cassidy, do you have an opening statement?

Mr. Cassidy: Is the Hon. Mr. Welch going to be in?

Hon. Mr. Welch: Actually I'm here. I'm supposed to be joined by my two colleagues in order to have some focus of accountability since we're members of the Board of Internal Economy. No doubt even that matter will be discussed in due course so I present my body here.

Mr. Cassidy: Is there any significance in that remark?

Hon. Mr. Welch: I have no particular statement, and with the help of advisers, we'd respond to the question.

Mr. Cassidy: I detect the rhythms of mother church.

I want to make a couple of general comments which are just barely within order. That is because I have had some discussions with the member for Wentworth (Mr. Deans) and other members of our caucus about how the Office of the Assembly estimates this year relate to the discussion we will have in the chamber very shortly on the final report of the select committee on the Camp commission reports. The fact is that the two are very much interrelated. I am going to make one or two comments that almost relate to that. I do so bearing in mind that we will discuss further, and hopefully adopt, the select committee's report, then action in a major way on those recommendations can proceed.

I think it is a bit too easy when we talk about the Office of the Assembly just to call out for more. To put that in perspective, I think that what is important is the effectiveness of the Legislative Assembly. I believe that each of us, regardless of our party, should be concerned with whether or not the Legislature is working effectively as the parliament of this province.

There are all sorts of things that enter into it, but in relation to the Office of the Assembly itself there is the problem of

whether the MPPs have the time; whether they have the necessary resources; whether they have the information supplied to them in order to carry out their job; whether the balance between the government's right to govern and the parliament's right to criticize and to monitor what the government is doing is effective, or whether it is too imbalanced in favour of the government. This latter is something which I suggest may have been the case over the past 34 years.

Whether members can carry out the job over a sustained period of time without either burning out physically, or in certain cases burning out financially and retreating from politics because they simply can't sustain the efforts that are required in order to do an effective job here at Queen's Park—I would suggest that is a problem. A number of people whom we know and who have been our colleagues have retired from politics or may have lost their seat partly because they burned out, because of the extraordinary pressures put on members and the inadequate level of services with which they have to work.

Finally, in terms of the effectiveness of the Legislative Assembly, it is not just what we do but it is the perception outside of what we do. I think the question has to be asked if whether the public is aware of what we do and how or to what degree they have adequate opportunities to observe, to influence and to participate in what is happening in the Legislature.

I don't feel the same emotion of anguish and fury that motivated these estimates a year ago, which some of us remember. This is because of the fact that there has been some action on the fourth and fifth reports to the Camp commission. We have a new set of rules which we are now experimenting with and I believe that the procedural affairs committee has recommended that we carry those forward for a further period of time.

A number of other matters which were raised in the select committee's report are now under study, under negotiation or are being fulfilled in the fullness of time. I was pleased to learn that when the Minister of Government Services (Mr. McCague) was before the members' services committee, I

believe, yesterday, talking about some of these matters he said, wonder of wonders, the three ministries will be leaving by next summer.

He also said he was setting a target of at least 440 square feet per member, for the member and his assistants, on average. That is less than what was recommended in the select committee report. I don't really agree that it should be done by fiat of a government minister because I think we have to move to the position of having the Speaker controlling the building. But it is fair to admit that if members have adequate space and if there are not ministries around to throw their weight around, the chances of moving towards giving control of the building to the Speaker are that much greater.

I think the essential matters in the Camp commission report which have got to be carried through are that the Speaker have control of the building, particularly with the present incumbent of that office; that the reforms of the library, including the development of a research branch in the library, be carried out, and that the backup for members in terms of research become a reality.

I know that people may say, "Hell, that is an awful lot of money." That is the difficulty if you just looked at it as saying "more." The fact is that the effectiveness of members of the Legislature in doing their job is seriously impaired because of the inadequate backup they have now. This results both from our information service upstairs in the library and also from the fact that we rely on our legislative assistants, plus volunteers, plus whatever time we can snatch ourselves, to do hastily prepared research into matters of enormous public significance, whether it is legislation, whether it is policy development or whether it is the estimates procedure for criticising the work of particular ministries.

In my particular case, as the critic for TEIGA, I think I counted up that that ministry has something over 210 economists, research people or senior administrators in a position where they help to develop policy and not just administer it. This is a pretty formidable kind of group. The minister is formidable enough but when he has that backup it means, among other things, that he has become the most prolix minister in Ontario's history. He outspeaks this minister, the Hon. Mr. Welch, by four or five or six or seven to one, I would think. He is constantly making speeches across the province which have been prepared for him by this huge policy mill.

Mr. Ruston: And Mr. Welch is Deputy Premier too.

Mr. Cassidy: That's true.

Against that is the critic of Treasury, which is a major portfolio. As the leading economic spokesman for the party next to my leader, I have the services of one researcher when I can persuade him to break free from matters such as Inco and Natural Resources and Energy and other areas with which he is also involved.

Those are some general comments. Mr. Welch is Deputy Premier, House Leader and general sort of poohbah of the Conservative caucus. You may want to comment on those. I want to make some specific comments which I think are more specifically germane to what the Board of Internal Economy can do, given that these other matters relate to negotiation between the parties and hopefully some goodwill on the part of the government in general.

I want to talk first about the constituency offices. I think we are still experiencing growing pains and still experiencing problems in that case. The problems really relate to the fact that we backed into them a bit reluctantly and full responsibility for those constituency offices have not really yet been assumed by the Assembly.

There are several problems. One relates to the budget of \$4,500 a year which is meant to cover several things; it covers apples and oranges and therefore creates difficulties. It covers rent, it covers the cost of telephones, it covers the rental or depreciation on machinery, equipment and furniture, and it covers such things as answering services and other ancillary services. It's meant to cover cleaning but that often goes by the board.

I talked with the assistant Francie Kendall from York South—from Donald MacDonald's riding—because she happens to have been in contact with most of the NDP's constituency assistants across the province. In that particular case that office is beyond the ceiling, substantially because of the fact that earlier this year they had a \$75 a month increase in rent on their premises which are in a plaza somewhere in the riding. The increase was from \$235 a month, which was prudent, to \$308, which is not prudent, in relation to everything else you have to cover out of that budget.

In order to stay within the budget York South constituency office now has only one telephone line. As a consequence it is rather difficult to reach when a number of constituents are trying to reach it. Most people

in our survey of constituency offices are paying \$200 or thereabouts for rent. In my case it's \$220. The maximum seems to be \$230 or \$240 in most cases. I have a feeling that there may be a need to change that allotment in exceptional circumstances, or to demonstrate more flexibility in cases such as the York South example. Maybe it would be better to hire out the phones and to guarantee at least a certain minimum phone service, which would be at least two lines. This would be better than forcing the phones to be cut back if the rent goes up.

The general reaction from our constituency assistants across the province is that the allotments for postage and stationery tend to be okay. Insurance costs are a bother. Cleaning seems to be normally done by our own people as we can't afford to get someone in from outside, and there are particular problems with the constituency assistants' salaries and allowances if they are sick.

That's a brief overview of this particular problem of costs that get out of line for reasons that are not the fault of the member but just happen to be the case.

[1:30]

We're still perturbed, despite the adjustment of salaries in April of this year, that the government has still not seen fit to agree, or the Board of Internal Economy has not seen fit to agree, that the salaries for constituency assistants should be commensurate with what is paid to people at Queen's Park. I think you can argue that commensurate probably meant with the classification of assistants at Queen's Park before they were reclassified. But the \$11,000 level now paid to constituency assistants is still substantially below what the legislative assistants would be receiving if they had had a normal increase this year, rather than their reclassification. I believe that this matter needs to be looked at once again.

To be very specific, our constituency assistants are receiving \$345 every two weeks, net, after all the deductions are taken away, and they have to pay their own OHIP and other benefits apart from the CPP and UIC. That's a pretty low salary when you consider the responsibilities they carry. They carry these offices alone and I believe in the New Democratic Party's case in particular, they're carrying more responsibilities than perhaps in other parties.

They're not simply a telephone message service centre the way that some of the federal riding offices are. In our case, our people organize and handle the offices them-

selves. In some cases they are left by the members for two or three weeks at a time with almost no direction, apart from the occasional telephone contact with Queen's Park.

They handle case work. They go out in the riding. They go to hearings on behalf of constituents. They are usually on their own in running an office and dealing with some people, some of them a bit odd, who come into those offices and tend to take up a fair amount of time. On top of everything else, they do their own maintenance and cleaning because there's nobody else to do it and there's no budget.

If they're sick there is no allowance; I believe that there should be one to replace a constituency assistant who becomes sick. There is holiday pay, so we can fill in for two weeks when our assistants are away during the summer, but there is no allowance at all if somebody gets sick. Therefore what we have to do is simply close down the offices if somebody happens to come down with a bout of flu.

The hours are a good deal greater than you would expect for \$11,200 or for \$345 every two weeks. In general, our assistants are spending about 40 hours in the office, well in excess of their posted office hours. But in addition, they are also tending to do work from home. What happens is that when 5 p.m. comes, they go home but there's a sheaf of maybe four or five messages and callbacks where they couldn't reach the person during the course of the day, because that person was at work or couldn't call out and therefore the call has got to be made by the constituency assistant after supper. That extra time on the job and that extra sense of responsibility is not accounted for at all in the matter of pay.

Those are the points I want to raise. I'm not doing it in quite the same inflammatory way we did a year ago—that was quite a session, I don't know if you remember that. I do believe that the government members on the Board of Internal Economy in particular should re-examine that whole question of last year and now that the heat has departed, establish just what is commensurate with the work of the legislative assistants as it was seen a year ago and bring the constituency people up to that particular level.

I don't want to suggest a specific figure. The people who responded from our riding offices didn't suggest a figure themselves. But they do have, and I think quite rightly, a sense that they're working pretty damned hard and are underpaid for the kind of work

they're expected to do. I would say that is a good deal stronger than just the feeling that anybody has that they may be a bit underpaid.

The next thing I want to turn to is the question of the assistants here at Queen's Park. I just want to read one or two phrases from the submission to the Anti-Inflation Board by the Board of Internal Economy. You may recall that the board initially decided to try to peg our legislative assistants to the salary of a secretary 5 in the civil service and that the job specifications coincided. It goes on in a brief to the AIB, however, to say this:

"The position of secretary 5 is primarily secretarial and it soon became apparent that the tasks performed by members' secretary assistants were much more varied and extensive. In addition to purely secretarial duties, the secretary assistant provides information to constituents and deals with problems on behalf of the member. This may extend to appearing before a tribunal or a hearing to present a case on behalf of a member and/or the constituent. They also provide liaison to ministries, boards of commissions on behalf of the member, conduct research and in some cases prepare reports and articles." What they are saying, in effect, is that this place would run without the members but it wouldn't run without the assistants.

I think in the submission to the AIB, which was designed to convince the AIB that the reclassification was uncalled for was in order, they heaped paeans of praise on the assistants. In general they say such qualities as an ability to exercise independent judgement and initiative, to act as co-ordinator and to work in an environment where tact and diplomacy are essential, are now mandatory. They really are paragons, except when it comes to one thing, and that is the matter of what we actually pay them to be such paragons.

I want to say that as far as the assistants go, even in the NDP caucus, there is a contract. They are meant to go home at 4.30 in the afternoon. If you stroll around the place at 5.30 or 6 you are liable to find half the assistants still hard at work. They put in an exceptionally long week. They work very hard. They do carry this kind of range of responsibilities.

In the brief the Board of Internal Economy considered, it looked at some comparable salaries and suggested that the assistants should be compared with such people as Human Rights Commission officer 1, maximum salary of \$15,000 and a bit; public relations officer 1, maximum salary of \$16,155; welfare assistance officer, \$15,172 and probation officer 1, \$15,-

929. It also compared some very senior secretarial levels in the government with maximum salaries that range between \$13,400 and \$16,300.

In its wisdom and in the absence of the representative from the New Democratic Party, however, the Board of Internal Economy backtracked on a decision to go forward on the range from \$11,300 to \$15,240. It backtracked until a further meeting whereas I understand it there was another effort made by Mr. Deans and by Stephen Lewis where some of the ground that had been lost was recovered.

As I understand it, the recommendation that went forward was for a maximum of \$14,310 this year and the \$15,240 level to be achieved in a year's time, provided that the AIB can be induced to agree. Is that correct? I am trying to put these facts on the record in brief form.

Frankly, we are upset—I believe our member on the Board of Internal Economy indicated that we are upset. It doesn't seem reasonable that elsewhere in government people who handle PR jobs and welfare assistant jobs and other things like that with responsibilities comparable, perhaps a bit less, to the members' assistants with working hours that begin at 9 and actually do conclude at 4.30, should be paid this year sums from \$1,000 to \$3,000 more than the salary which was proposed to be given to the legislative assistants. We just feel that that particular problem should be sorted out.

I prepared a very long portion of this lead-off on the question of MPPs but then thought better of it. I just want to make a couple of points since the question of MPPs' salaries is really before the Legislature as a whole.

I will reiterate what I have said to the Hon. Mr. Welch privately, which is that I am very hopeful that in the recommendations of the select committee that some means of annual adjustment be carried forth and that we not do the second level à tranche of adjustment of members' pay and not come to grips with that particular thorny issue at the same time. Otherwise, we will just be going through the same kind of hassle in two or three years' time.

The other point is that if you believe, as I do, that to be a member is to carry out a job like everybody else, or at least that you should try to make the terms and conditions as closely comparable as possible, it does seem to me that Leslie Frost's peccadillo about not bringing MPPs into the Canada Pension Plan should be reversed. I would recommend very strongly to the Board of Internal Economy that it go to the govern-

ment, which in turn should go to the feds, and ask them to pass amending legislation to take that particular exclusion out of the federal Act in order that MPPs can be included in the Canada Pension Plan and can have the various benefits that adhere to belonging to that plan.

I don't think it's fair, particularly to survivors, wives and kids, who stand to get fairly important benefits from the CPP in the event of fatal illness or an accident that takes a member's life. I think it's wrong to deny members that particular protection. It's worth noting that in most legislatures I believe the MLAs, MNAs or MPPs are permitted to belong to the Canada Pension Plan. I'm not sure about that, but I think it's an exclusion which basically applies to Ontario.

I have two other points. One is the press clipping service. There are rumors that it may be transferred to the library. I hope that occurs soon. I hope that some effort is made with the library to begin the process of reform even prior to the allocation of major resources. It would be good if we could do as the Camp commission select committee recommended and start advertising for a senior person who would come in and begin planning for the day when major financial resources were available. We really can't let that library languish as an archaic relic of Ontario in the 1920s.

The final point is television. I think that this chamber made an important step forward which was beneficial, to all of Canada and not just to Ontario, by allowing the TV cameras in a year and a half ago. I can't help thinking that that move maybe gave a bit of impetus to the federal House, because they dithered and dawdled for a very long time before finally deciding that, yes, they would go forward. Then when they moved, they moved with great speed. I think we all know, from watching our television sets late at night, just what an impact the full televising of the federal House is having on federal politics and in reasserting the importance of parliament as the centre of political activity for the nation.

I think we were right to take the steps we did and to go in with a half measure, get the cameras in and get some pictures of the chambers. But I believe that now is the time to go the next step and to start dicker-ing with Rogers or one of the cable TV companies, if that's an efficient way of providing the service, or putting the facilities in ourselves, in order to have a genuine electronic Hansard and in order that the feed of everything that happens in the Legislature

may be available electronically for cable TV and for the news media.

This is a progressive House in a number of ways. I think we were progressive in getting television in in the first place and I think in general it has been beneficial. The fears people may have had about people acting up for the cameras have been completely belied by the reality, which is that we are all quite unaware of the fact that the cameras are there. But I do believe that we should begin planning in the very near future for the next step, which is the full televising or a full video feed to be taken of the Ontario House.

Those are the comments I had, not quite in such a spirit as last year; but I do think there are some improvements that the Board of Internal Economy could be making.

Hon. Mr. Welch: Perhaps, Mr. Chairman, it would be wise at this time, before we lose some of these points, just to make one or two comments. It might work in reverse order.

It's my understanding—although I've forgotten the date, maybe I could be aided, as the Speaker has called for a meeting to follow up on the question of television. That meeting date is soon. Mr. Speaker?

Mr. Speaker: I'm meeting with the executive of the press gallery on Monday evening. We've been trying for three weeks to get a meeting of the ad hoc committee on radio and television because we've got five going today. That has been our problem, but as soon as possible—

Hon. Mr. Welch: Just to respond to Mr. Cassidy's point, there are some plans to bring the appropriate people together to review the matter and to see what the next steps may be.

The constituency offices are the next point. Now that the comments of the hon. member are on the record, I'll be glad to see that they are brought to the attention of the Board of Internal Economy. I should point out that there have been some adjustments with respect to the salaries for secretarial support in the constituency offices, starting out as they did in February 1976, at \$9,000, being adjusted again on April 1, 1977, at \$9,720, and more recently at \$11,200, at about the bottom range of the new salary range for the secretarial assistance to the members.

[1:45]

But I have noted this and, indeed, these other concerns in respect to the operation of the constituency office will be on another record. I will undertake to see that the

board reviews those particular matters as they've been set out.

I think the next point was the salary range for the secretary assistants. That has been the subject matter of a number of meetings of the Board of Internal Economy. The new six-step range starting at \$11,229 and going to \$15,240 and the particular classifications of present staffs by dates and so on are now a matter of record, and certainly do indicate some improvements in the salaries paid as far as those very important assistants are concerned.

The other matters of a general nature that have been mentioned—certainly as they relate to the jurisdiction of the board, I'd be very happy to have them brought to its attention in the same way that the comments relative to constituency offices would be.

Mr. Mancini: Mr. Chairman, if it's all right I'd like to just mention two or three things in a minor way. Mr. Breithaupt and a couple of other members of our party were not able to make it here today; I think we know why.

I would just like to start off by saying that I, too, am concerned with the constituency office. I'm not sure if the members from different cities in the province have the problem I do. But any member, like Mr. Ruston from Essex North or yourself, Mr. Chairman, who represents a rural riding, I'm sure has come to realize that in a great many cases one constituency office is not enough.

I myself have two constituency offices. I was lucky enough that when I was building my home I was able to put one there, which took care of the western end of the riding. Of course, I operate that at my own expense and I have an extra telephone in the office which the allowance given to members does not cover.

The main constituency office provided for by the government of Ontario which I have in Leamington runs at about par or, usually, in a deficit. I guess that's the best way to put it. I think the reason it runs in a deficit is because the constituency offices in my particular area have taken on a great deal of work. We've had to put in two lines for telephones. It's not unusual to have 10 or 15 constituents waiting on a Saturday morning when I get there, so we have to have an office big enough for a room with proper furniture and everything that goes along with it. Other than that, the office is a pretty humble office.

I'm very lucky in that the rent for the office is only \$150 a month, but I'm not

foolish enough to believe it's going to stay at \$150 a month for much longer. I'm afraid that when I get the rent increase, it's going to be substantial, and the landlord is going to be able to justify the increase. I'm sure it will push the rent way past \$200 a month which means I will run an average deficit in my constituency office in the Leamington area alone of at least \$75 a month. That's not counting the \$50 a month I pay for the extra telephones in the Amherstburg office.

I don't really mind paying this \$100 to \$150 a month out of my own reimbursement. I've paid it before and I guess, if I have to, I'll pay it again. I think if Parliament is going to take a position that we do provide constituency offices for the members which can serve the people of our constituencies, then we have to look to see if the rate can be raised.

Also, I would like to mention the staff provided for us through funds by the government. I'm very much satisfied with the \$11,200 that the staff is able to receive. I am not all that familiar with some of the things mentioned previously about people in public relations and that type of thing, but I know that in my part of the province \$11,200 is a fairly good wage. Most of the nurses in Windsor make that much—or a little less, or a little more—so I think we're right in the ball park there.

Not too long ago, I was talking to a friend of mine who works with the United Way campaign. The staff there are all in the \$7,000 range. He was telling me that he thought the staff was excellent and could get jobs anywhere in the area. So I'd just like to get it on record that I'm happy with the salary that is provided for the staff at the constituency office and see no reason to expend more money in that area.

I'd just like to mention the members' offices here at Queen's Park. If you really want to do the members a favour you should maybe arrange things so that they don't have to move as often.

Hon. Mr. Welch: I've been wondering what you're eventually going to reconvert that addition to your house to.

Mr. Mancini: I'm probably going to have to expand it.

Mr. MacDonald: Every marriage is a contract of two with the power to add thereto.

Mr. Mancini: I'm probably going to have to expand it because as our party grows in popularity and responsibility, so will the member for Essex South.

I've been here since September 1975 and I have had to move at least four times and

it's getting ridiculous. It just puts you behind in your work. Maybe the government does it on purpose so that the opposition members are taken up with moving instead of working for their constituents. But, as mentioned by the previous speaker, we are now going to have bigger offices as well.

Mr. Chairman, I don't care to move again. I'm happy where I am. It's small, it's cramped, but then that's the way it is, and that's the way we'll accept it for a while. I do think there are many members who feel slightly embarrassed when they have company from home, people from different councils or from different organizations and they invite them into their offices—five or six people or a family—and they have no place to sit. I don't believe that that has ever happened to the Deputy Premier. Also we, in the opposition, would like a chair for our constituents when they come to visit.

Mr. Cassidy: Have you seen the opulence in which he lives?

Mr. Mancini: I'm sure it's vulgar.

Hon. Mr. Welch: It's not vulgar; it's in very good taste.

Mr. Mancini: I'm not talking about your constituency office, I'm now talking about the offices here at Queen's Park.

Hon. Mr. Welch: Oh, Queen's Park.

Mr. Mancini: Yes, we've now gone to another point. On many occasions, I have had four or five councilmen or people from different unions or other organizations and haven't been able to offer them a chair. This has been rather embarrassing and we have had to go down to use the dining-room for coffee—if it is open. And that leads us to another point, if, Mr. Chairman, you'll let me proceed under this vote.

Mr. Chairman: I know that this is your opening statement, Mr. Mancini, so you can cover the waterfront.

Mr. Mancini: Yes, thank you, I'm going to cover the waterfront. I would like to mention a few things about the dining-room and in this area, Mr. Chairman, I can speak with some expertise, having operated my own restaurant for well over three years.

First of all, I found out that if you weren't open you weren't going to have any business.

Hon. Mr. Welch: That's how some people make money.

Mr. Mancini: Yes, I wish the people who operate the dining room downstairs would have the same philosophy—that if you're not open you're not going to have any business. I find the hours rather amusing and really not practical.

I mentioned to some of the staff in the dining room that possibly the best way—and I'm glad to see that Mr. Speaker is here because I know this matter comes under his jurisdiction—to operate a successful dining-room in this type of situation is to have some kind of buffet. You have to have a cold table and a hot table where you can lay out your food and where you don't have to hire any extra staff. You can serve a few people or you can serve a lot of people and when everything's over you can put everything away, back in the freezers or wherever it has to be placed.

I've found that when the dining-room is full, the staff tries as hard as it can, but there is just no way anybody in the kitchen can serve up a hundred different dishes in the time that the members want them.

I'd like to say that the buffet idea would give the members a different menu every day. The menu we have changes very seldom. Maybe that's one of the reasons a lot of members go out in the evening. I think we should give serious consideration to changing the format we have in the dining-room, we have a lot of room in the rear of the main room. The buffet could be set up there and the members could go in and serve themselves.

Also, I think we need in the dining-room an area for members only. Often, at the table, if you want to re-discuss what you've talked about in caucus, you can't because you have people on either side of you. You do it, but you shouldn't.

This leads me to the dining lounge. It's supposed to be a members' dining lounge, but I think that's the last thing it is. It's usually full of secretaries or other people. On many, many occasions, I've seen people come in off the street. They sit in the dining lounge and you don't know who they're with or what they're there for. You see them using the telephone. You see them ordering drinks. If that's the members' dining lounge then it should be for members.

I've talked to members in the other two parties about this, and the members I've spoken with have the same concern. The dining lounge seems to be for everybody except the members. It really appals me to see somebody come in off the street, pick up one of our phones and use it as if it was in their own home.

I'm sure if someone wanted to use my telephone I would make it available to them. But in this situation I think we need to tighten our security there—it's the only way I can phrase it—to make sure that the lounge is for

the members and their guests only. I think serious consideration should be given to that. I can recall senior members telling me that at one time members could go to the lounge and discuss business and could take a few minutes to relax. But that situation has long passed and needs to be brought back.

I would also like to take the opportunity to mention the staff the members have here at Queen's Park. I have a very good secretary in Frances Winter. She worked for my predecessor, Mr. Paterson and she did a fine job for him and she's doing a fine job for me. My riding, like many other ridings in the province, is an extremely active one. It's busy. We receive well over 200 constituent inquiries per month. It continues to climb. I know that's nothing compared with what you receive, Mr. Chairman. I'm sure yours is at least 500 or 1,000. But in my riding it's up past 200 inquiries a month and that keeps my secretary and me here at Queen's Park, very, very busy.

I find, as did the previous speaker, that I can't give as much time as I would like to the work we have before us here in the Legislature. I don't know what the position of my party is on this but I, as the member for Essex South, would certainly appreciate more help here at Queen's Park.

I'm able to get assistance from our Liberal Party staff, but they're usually tied up with the critics; the other members come second. If you could give those things some consideration, we would certainly appreciate it. If you want some more advice about the restaurant downstairs, please ask because there are many more changes I could recommend.

[2:00]

Hon. Mr. Welch: I'm sure we're accomplishing what these estimates are intended to accomplish by simply having these matters on the record for review by the appropriate board or bodies. It was my opinion that at one time the Speaker had an advisory committee or special committee on the dining-room, and if, in fact, he were to see some point in bringing that back in operation—

Mr. Speaker: It's now members' services.

Hon. Mr. Welch: Yes, it's now the committee on members' services. It may be that the particular skills of the hon. member for Essex South could be put to work on that particular committee.

Mr. Mancini: The prices are not cheap down there. Anybody who takes a walk up Yonge Street and goes into any of these ethnic restaurants, Greek or Italian, can see that the prices downstairs which are offered

to members and their staff are certainly not comparable to the ones on Yonge Street—and that's a downtown location where the owners have to pay high rent and buy their own equipment; and they have to pay for their own utilities, unlike the caterers here who use our facilities, our building and our equipment. I can't see why there cannot be a profit made in that lounge. Thank you, again.

Mr. Chairman: For the sake of order, I think we'll continue to deal with these matters item by item.

Mr. Cassidy: Excuse me, Mr. Chairman, on a point of order. If we were in a truculent mood, then I would understand going through the matters item by item. But I would have thought that much of what all of us have to raise can be raised in general discussion amply within the time available, and then perhaps we might go to specific items, rather than compelling Mr. MacDonald or people from the different parties to come in on three or four different occasions.

Mr. Chairman: I'm in the hands of the committee. It really doesn't matter to me. In previous estimates, we have been dealing with the various votes item by item, but if the committee wishes to take the entire vote as a block—

Mr. B. Newman: How much time is allotted?

Mr. Chairman: —it's fine with the Chair. We have eight hours in total for these estimates.

Mr. B. Newman: You intend to finish off today, to sit until 4 o'clock?

Mr. Chairman: We have eight hours.

Mr. Cassidy: In your case, I don't believe we really have enough to say to fill up the eight hours because so much of what this vote is concerned with is being looked after in other places.

Mr. B. Newman: You are right there.

Hon. Mr. Welch: Certainly you could wind this thing up at 4 o'clock.

Mr. B. Newman: Time will tell.

Mr. Cassidy: Time will tell, but I have a sense that we will probably wind it up by 4 o'clock in the afternoon.

Mr. Chairman: Is it the wish of the committee then to take the vote as a block? Agreed? All right, we take the entire vote as a block, Mr. MacDonald.

On vote 201, Office of the Assembly program:

Mr. MacDonald: Mr. Chairman, I would like, using the general framework within

which my colleague presented his views, to make some comments.

This committee, this legislative office and who is responsible for it and how you establish that responsibility and accountability is a very anomalous situation. We are all aware of that and I think we want to move to a clearer picture of it. In my view, the kind of thing that was envisaged in the Camp commission report is still valid, and I am wondering what are the delays in moving toward that position.

What Camp was saying was that the Legislature should come under the control of the Speaker. I have heard it argued that until the Speaker has control of all of this building that that cannot be done. I don't understand that argument; it does not wash. I don't know why the Speaker is not in charge now.

Therefore, in keeping with what the Camp commission envisaged, when we have estimates like this, I think the Speaker should be up there. He is the man who is responsible. I don't know whether the Clerk within the Legislature and the Director of Administration within the legislative office are in effect, two deputies; but they should be there. They are the people who are going to be coping with the criticisms and responding to them and indicating the difficulties in their implementation.

I just want to suggest that I think we should move to that as quickly as possible. I have not heard of any valid reason why we could not and should not do it as of tomorrow at 9 o'clock.

The second point in connection with it however, is that there is another anomaly. Camp insisted that the Legislature should not be regarded as the sort of tail to the dog and for anything the Legislature wanted they had to go cap in hand to some ministry. The Legislature should be separate and it is separate in terms of financing because the Management Board as far as the Legislature is concerned is a Board of Internal Economy.

There is a bit of an anomaly there. I assume that anything the legislative office wants, the Legislature wants, with the Speaker being the chairman of that group, he goes to the Board of Internal Economy and persuades the Board of Internal Economy that what they decide is accepted automatically by the Management Board. The anomaly in the situation at the moment is that I think we have got a relic of the past that Camp was suggesting we get rid of.

Our Board of Internal Economy is made up of three ministers of the executive council and one representative from each of the

three parties. If the whip is cracked the representative from the Conservative Party is going to follow the line laid down by the three ministers. So you have four to two. And I hear many times that in the Board of Internal Economy a position is taken which looks as though it is in fulfillment of a dictate that came from the Management Board or the provincial Treasurer or somewhere.

I am just asking for clarification. Is the Board of Internal Economy really the responsible group in terms of deciding on the expenditures, and if it is, isn't the Board of Internal Economy really a little wrong in its composition? A board that is made up of three ministers of the Crown is not a board that is an independent board of the government in the pattern that Camp was proclaiming to be the ideal.

If I may dare to raise a very controversial analogy, this is what Arthur Maloney was getting at when he was saying that the requirement for his office be decided by the Legislature because he is responsible to the Legislature; therefore the Board of Internal Economy is the body to make the decision—at least it was designated as the body to make the decision. In fact, the Board of Internal Economy is a subcommittee of the cabinet or of the Management Board because of its composition.

I could go on for a long, long time. There is really a fascinating subject here for some detached objective academic to do an article for the learned journals and how we sort this out. But just to recap the point I am making: I cannot see any valid reason why you don't immediately put the Speaker in control. If it is going to take a little time to sort out full control of the building, if there are more portions of the building that must come under his control beyond the three secretariats which are going to be moved out by next summer, fine, that is still a bit beyond his control and he is negotiating to get it. But meanwhile he is in control of the rest.

He has his two deputy ministers—he is the minister, in effect, as far as this portfolio is concerned. He has his two deputy ministers—the Clerk of the Legislature and the Director of Administration. The financial watchdogs are the Board of Internal Economy, with my rider that if they are really going to fulfill the spirit of the pattern spelled out by Camp, I think the composition of that board is too top-heavy in terms of being government-dominated, even cabinet-dominated.

On the constituency offices, there is a real problem here and I don't know how you solve it. You remember, Bob, that for years we wrestled with the problem of how we estab-

lished equity in expenditures for people who live outside the Metropolitan area and those who live inside, recognizing that those who came from a distance had much greater expenses, that ate up all and more of their so-called untaxed allowance. We tried to do it at one point back five or six or seven years ago by giving them a \$1,000 differential. Now we have moved on to a new basis that, I think, meets that inequity much more fully.

The real problem here is that the member for Essex-South says that he can get an office for \$150. If you can find an office for \$150 other than some unused toilet in the back of a warehouse in the city of Toronto, I'd ask you to direct it to my attention.

Since my colleague cited York South as an example, we got a bargain to begin with, relative to normal prices in this Metropolitan area, because it happened to be above a shopping plaza, ideally situated, with lots of parking and everything else, but they were having difficulty in renting their space. Now they're not having difficulty renting their space so they're upping their rents to get into the pattern of the whole of Metropolitan Toronto. We suddenly find ourselves hit with a significant rental increase that is way beyond the AIB guidelines and everything of that nature.

We're into the deficit position that Mr. Mancini was referring to. I don't know how you solve that. If I did I'd tell you, because there are discrepancies. If the Speaker wants to get a space up in Schreiber I bet he can get it maybe for \$75 a month instead of \$320, or whatever it is we're paying now.

There is one small point. I've never quite understood why there is such inflexibility on this. If there are allocations to the constituency office of \$4,500 for rental, plus postage, plus this, plus that, surely within the global allocation you should permit exchanges of moneys if they don't go beyond the global amount. That would meet some of the small deficits that are beginning to emerge. I suggested that before, but I'm told it hasn't been cleared and it hasn't been permitted.

One brief comment on this very protracted exercise in trying to get our legislative assistant up to a comparable kind of level with the rest of the civil service. I could never understand why those in power deemed a legislative assistant of a member to be worthy of a salary of only \$11,200, or whatever it was a year or so ago, when they themselves had set up the citizens' inquiry bureau with salaries of \$15,000 or \$16,000. They're doing much the same work, except that the legislative assistant has infinitely more work than those people who are in charge of the citizens'

inquiry bureau. For the most part, it's an information service. There is some pursuance of cases but I've never heard of citizens' inquiry bureau personnel pursuing a case and going down to the WCB or elsewhere on behalf of a citizen who called in.

Our legislative assistants are engaged in this day in and day out. They have not only all of the normal routine drudgery of secretarial work, they are social workers in terms of case work and their pursuance of it. As pointed out by my colleague they are doing research work to some degree, and indeed, in our caucus we are considering how we can get them more involved in that research work until the Board of Internal Economy is willing to respond to the Morrow committee's recommendation of a researcher for each member.

On the MPPs, I have only one comment to make and I say this cleanly, almost prayerfully, to the minister. Why in God's name over the last 20 years haven't we come up with some formula for the renumeration of MPPs, an automatic formula rather than the political flak and all of the embarrassment we have to contend with with a periodic adjustment? Everybody is embarrassed with it. We are in the invidious position of raising our own pay.

The editorial writers in the *Globe* and all the people who are preoccupied with what's being spent in the public sector, never looking at what is going on in the private sector, can write very self-righteous editorials about it. The Premier (Mr. Davis) was so embarrassed that he put a freeze on for a couple of years and then despite pressures in his own party and elsewhere he determined he was going to live up to that freeze until September 13 of this year.

The only way you can get out of that is to have some mechanism. I refuse to believe it's beyond our capacity to come up with some sort of mechanism, tied to categories in the civil service or tied to rises in the cost of living, or what you will, that is done automatically and you don't get into this continuing embarrassment and periodic blasts of political flak because an adjustment is being made—usually very late—every four years. Most people get an adjustment every year and when the four-year adjustment comes here, it looks very big and they immediately see headlines that the MPPs have got an increase of 40 or 45 per cent, and equate that and try to reconcile it with the AIB guidelines and so on. So I repeat, rather pleadingly and prayerfully, for God's sake work out a formula and give consideration

to this issue so that this problem is resolved in the future.

[2:15]

Just one final word on the business of TV in the House. I noticed some figures the other day in one of the newspapers about the cost, but Rogers or somebody else said it could be done much more cheaply. Let's get at it.

We have used an awful lot of reasons that are really excuses for not coming to grips with this. It was contended for example that MPPs would be grandstanding. I think my colleague is correct; we don't even know the cameras are there, we are not paying any attention. We didn't need to have this experience to find that out.

In Alberta, they have had cameras for years and I think the Morrow committee or others have gone out there and Lougheed and everybody out there will tell you that nobody pays any attention to the cameras. There may be the odd attention paid to the cameras but it hasn't restructured, warped and twisted the operation of the Legislature and I suspect if I were to examine another of the half a dozen reasons that are used for not proceeding with this, they are equally invalid.

It comes down to a matter of cost. I don't know what your reaction is to what's happened in Ottawa in terms of TV coverage of the House but I have found—in the people I have talked with—a combination of fascination, excitement, and a little disillusionment about the rowdiness. I think speakers can control that to some degree and the rest of it is just part of the natural process. The cost is really very small in terms of our overall budget and it should be added to the basics of the operation of the government and the Legislature without too much more delay.

Hon. Mr. Welch: Mr. Chairman, if I could make one or two comments. I apologize to the member for Ottawa Centre for having not commented with respect to the point raised by the member for York South in so far as the built-in review annually in salaries is concerned. That was a point that was covered in—

Mr. Cassidy: It's a mental block.

Hon. Mr. Welch: No, but I shouldn't have trusted to my memory to go through the points. As you know, there is an understanding to prepare legislation for this particular session and if I can speak to both of these points, I will ensure that this particular point is introduced as part of those discussions.

I think the member for York South does us a favour by pointing out this question of accountability and the members of the committee are very kind to even allow me to be here on this particular basis, because I have a great—

Mr. Cassidy: They screamed when you weren't here last year.

Hon. Mr. Welch: Yet in keeping with the principle of this thing, if you take a look at the Legislative Assembly Act, particularly starting at section 71, there's a very clear description of what we mean by the Office of the Assembly, the estimates for which are now before this committee. The Office of the Assembly consists of the Speaker, and the Deputy Speaker and the Clerk of the Legislative Assembly and the first clerk assistant and the Sergeant at Arms and the Director of Administration and such other employees as may be required from time to time. That's the Office of the Assembly.

Mr. Ruston: We're slightly off.

Hon. Mr. Welch: There are some references to it and I only do this for the purposes of underlining many of the things which the member for York South has said. In one section it says: "The Speaker in his capacity as head of the Office of the Assembly shall be deemed" and so on, and then we talk about that office's built-in Management Board. That's a pretty good analogy of the Board of Internal Economy and that was always planned to be that type of separate unit. The member for York South will recall, as I do, that most of these estimates used to be carried by the Provincial Secretary and it was always felt there should be some separation between the government, as such, and the assembly. I take it that the particular sections of the Legislative Assembly Act we now have before us are in some ways to translate that I take it, quite technically.

I can remember discussions when I was the Provincial Secretary where we felt there was more time spent doing estimates in the House than in committees. The estimates would come before the committee of supply, the Speaker would actually assume his seat in the Legislature, the seat that is simply marked on the seating plan, and would respond to the questions of the members of the committee of supply during the normal review just like any other estimates.

We discussed this, because it doesn't seem to be any more appropriate for a member of the Board of Internal Economy to be here than it would be for a member of the Management Board to come and take my estimates as the Minister of Culture and Recrea-

tion. I'm the one who is accountable in that particular capacity and the activities of the Management Board as they relate to my ministry are one thing but not necessarily as part of the estimates review and so on.

We talked about this yesterday at the Board of Internal Economy and I think the Speaker will agree we certainly wanted to avoid any problems today as to who was to be here to help respond to questions in addition to the very capable staff. It was decided that all three House leaders would appear.

Mr. Cassidy: A funny thing happened on the way to the committee room.

Hon. Mr. Welch: A funny thing happened on the way to this committee today. Obviously, for very legitimate reasons people haven't been able to get here.

The question of jurisdiction with respect to the physical environs is the subject matter of the third and final report of the Morrow committee.

Mr. Cassidy: It's an interim report?

Hon. Mr. Welch: That has yet to be dealt with and indeed, as the member for Ottawa Centre has pointed out, the Minister of Government Services, as one of the landlords, has already been to the members' services committee to indicate some staging insofar as accommodation is concerned. I don't know that he has spoken directly to the point of jurisdiction but I suppose he has spoken to the committee with respect to those areas where it's still felt he has some jurisdiction to see what happens.

I just commented on the fact that I knew you were on your way.

Mr. Cassidy: I want to file an objection here because if Mr. Deans isn't here while I'm here it's an unfair point to raise.

Mr. Ruston: He's out campaigning. He won't get any votes in here, I don't think.

Hon. Mr. Welch: I don't think his attendance before the committee on members' services really addresses itself to that final point with respect to overall jurisdiction.

I notice, by section 93 of the Legislative Assembly Act, that "such parts of the legislative building as may be designated by the Lieutenant-Governor in Council in addition to the legislative chambers shall be under the control of the Speaker, and the order in council shall be laid before the assembly"—

Mr. MacDonald: In the light of that, why can't the Lieutenant Governor in Council say to the Speaker that all those portions which are not now occupied by the Premier or by the provincial secretaries—until they

get out and so on—are yours, you're in charge? So we can move towards the structure envisaged by—

Hon. Mr. Welch: Mr. Chairman, the hon. member anticipates—I can't recall whether any such order in council has in fact ever been laid before the assembly. There are some parts of the building under this section and before; so I take it there's always been the assumption there was some division between the jurisdiction of the Speaker and of the cabinet.

Mr. Speaker: It is colour-coded on a plan to back up the order in council.

Hon. Mr. Welch: So there is some designation apparently. That's why I went to that section. The question that remains to be determined in this debate and discussion is whether or not there should be more of the area in the Speaker's colour than in the government colour.

Mr. MacDonald: Setting aside giving more of the area and switching the colours to the Speaker, what is the problem in terms of moving and clearly recognizing here—the Speaker recognizing and everybody recognizing from this point forward, he is the head of this ministry.

Hon. Mr. Welch: I don't think you'll have any difficulty with us with respect to the fact that the Speaker is the head of the Office of the Assembly—that's what the Act says. I draw your attention to section 92 of the Act which says: "The Speaker in his capacity as head of the Office of the Assembly shall be deemed to be an employer within the meaning and the purposes of the Workmen's Compensation Act." So I mean, it is there.

Mr. MacDonald: I don't understand why you had the problem yesterday. I think the Speaker should have been there.

Hon. Mr. Welch: I don't wish to speak for the Speaker, obviously, but we felt that under the circumstances the Speaker had assumed his responsibilities just recently and had not really chaired the meetings leading up to the discussion of these estimates—

Mr. MacDonald: I have never known the Speaker to feel incapacitated in coping with a situation at the drop of a hat, so I don't find that valid. However, in fairness—

Hon. Mr. Welch: I am not here as his apologist but here we are responding—

Mr. Ruston: If he can handle the member for Scarborough West (Mr. Lewis) he can handle anybody.

Mr. MacDonald: Let me come back to the

one point I made that you have not yet responded to. If the Camp proposal is that the Office of the Assembly be independent of the government, dare I ask you your personal view as to the inappropriate composition of the Board of Internal Economy at the moment?

Hon. Mr. Welch: I think my view at the moment is that the government has not seen its way clear to change that particular section of the Act.

Mr. MacDonald: May I suggest then that if you are going to fulfil Camp, the Speaker would be the chairman of that Board of Internal Economy. He has his two deputies there—the Clerk and the Director of Administration—and I think there should be one representative from each party. Then you have not got a situation in which the one representative from each party is inevitably dominated by three cabinet ministers. They are not there. They should not be there. Otherwise you have not got the independence of the Legislature. It is as simple as ABC.

I know here you get into the old principle of accountability. You have to count on that group being sensible—and I think you can count on them being sensible and not spending money like drunken sailors. They are going to be the Management Board for the Office of the Assembly and presumably what they decide is to be spent is going to be accepted automatically by the Treasurer (Mr. McKeough).

Hon. Mr. Welch: I appreciate very much that there are other points of view. I think too, against the particular principle of accountability as it would relate to the Office of the Assembly, it has to be the general principle of accountability with respect to the consolidated revenue fund, which, of course, by constitution and by rule is best for the government. No doubt that is what is being reflected in the membership of the board of internal economy.

Mr. MacDonald: How do you reconcile that with the basic tenet of the whole Camp proposition—that the Legislature is independent of the government?

Hon. Mr. Welch: Your question is based on the assumption that they cannot have independence as long as there is this deep dependence ultimately on the government as far as funds are concerned. I suppose that is the case which we have to face up to. Somebody has to be ultimately responsible with respect to general expenditures of tax-raised revenues. That, I suppose, ultimately vests in the Legislature, so to that extent that is overcome.

Mr. MacDonald: Mr. Minister, all it says is that in this small portion of the provincial budget, instead of the provincial Treasurer and the government being responsible and accountable, the whole of the Legislature is accountable. And, pray tell, who is more appropriate to be responsible to the people than all the elected representatives of the people and their delegate on the Board of Internal Economy?

Hon. Mr. Welch: But as you know, money bills and the imposition of tax, even by constitution, cannot be put forward except by a minister of the Crown.

Mr. MacDonald: Okay, but the principle is still there. You want the legislative assembly to be separate—

Hon. Mr. Welch: It all depends on how you spell “principle.” I mean the “pal” of it is ultimately the tax—I am not discounting that that is a point of view. I think what has happened here in the Legislative Assembly Act is an attempt to identify something specific called the Office of the Assembly with its own board of management called the Board of Internal Economy against the background of ultimate accountability of the government for the expenditures of funds.

Mr. Sterling: I just wanted to put a few points on record as they relate to more of a rural constituency office as opposed to some of the expressions which were put forward by Mr. Cassidy and Mr. MacDonald. Mr. Mancini had indicated that his rental costs were not of prime concern to him at this point in time. He could foresee some problems in the future as he was maintaining two constituency offices at this time.

[2:30]

The rental of accommodation hasn't affected my costs in my constituency to any great degree. However, because of the fact that I have approximately 10 different calling zones within my particular riding, it is necessary that I have what they call a WATS line, which allows people to call toll free to my constituency office. This eats up \$120 per month for that one phone line, which gives me 10 hours into my particular constituency office. I have found it is better to concentrate my efforts in one office rather than try to split it between two or three different offices. Therefore I am able to utilize the female employees who are in my office to do some case work, as they do in Mr. Cassidy's office as he has indicated.

Therefore, although we may not have the same rental factor, if we want to provide the same service you as a member are giving to your city residents, we have a higher

factor in giving them the same service in telephone expense. It's quite a significant difference when you figure \$120 as opposed to the normal business line which is roughly \$20. So this takes up a great deal of my budget to run my particular office. But I find it is a very useful tool. The very impediment of having to make a long distance telephone call may turn some people off from calling you to seek some aid. A lot of these people, quite frankly, can't afford to spend the money on a long distance telephone call. I'm sure that that is part of our duty—to help these people more than anybody else.

It was suggested to me by the office here that I have the people phone me and then I phone them back and use my credit card. That's all well and dandy, but they still have to make that long distance telephone call here. They suggest that I was not utilizing my constituency office moneys correctly because I could shove that off on another expense and it wouldn't show up on my constituency office—

Mr. MacDonald: Can you?

Mr. Sterling: No, I can't.

Mr. MacDonald: The point I was making earlier—you can't switch moneys from one pocket to another.

Mr. Sterling: So, what happens is that they phone in and I have 10 hours on this WATS line which is just a phone-in line. I can't phone out on that particular line. I have to phone the person back if there is a long involved story and put it on my credit card.

One of the other members of our caucus brought up a further point on credit card usage of the telephone. Mine is fairly heavy because of the nature of my riding. It's about 75 miles diagonally one way and 50 miles the other way. I think my phone bill is running probably \$400 or \$500 a month on long distance charges. As I understand this, when you call and you give them your credit card number that's the same as placing a person-to-person call and you are charged on the basis of a person-to-person call.

I do not see why, rather than give them your credit card which takes it out of your constituency office budget, we cannot just pay the long distance charges emanating out of that telephone and perhaps emanating out of your home telephone where you make some of your other calls. I understand that there would probably be a net saving in terms of the overall charges to the person. Maybe somebody who is dealing with those expenses could say if I am right in saying that.

Mr. Miggiani: The long distance telephone calls which originate at the constituency office level are not charged to the formula. They come out of the member's indemnity. In other words, it is an unlimited expense, the same as you have here in Queen's Park. The only thing that comes out of the formula is the rental of the equipment. The long distance calls themselves are not charged to your formula. We absorb that under the members' indemnities. So they don't reflect at all. In other words, the formula which now stands at \$16,000 plus does not include the long-distance telephone calls.

Mr. Sterling: I realize that. The only point I am trying to make is to try to save your office money by the method in which we place those long distance telephone calls. When I call from my home or if I call from the constituency office telephone I give them my credit card number, is that correct? Am I supposed to give them my credit card number?

Mr. Miggiani: The credit card is for your own personal use, sir.

Mr. Sterling: I realize that.

Hon. Mr. Welch: What is being said is that if you did not do that and simply charged it and your telephone bill came in, you could claim long distance charges on your telephone bill from your constituency office the same way as you charge your—

Mr. Miggiani: As they charge on his private bill.

Hon. Mr. Welch: Yes.

Mr. Fleming: The feeling in general is that it just would not offer enough control if any person could call into your constituency office and make a collect phone call whether you were there or not. It is simply an attempt to control the use of the telephone. We have provided a Zenith line to any member who wishes to install one within the \$4,500 global amount, and some members have. But it has been our experience in looking at the whole picture of telephone expenses that really long distance calls of that nature should be limited to collect calls on credit cards.

Mr. Sterling: Yes. My only point was that if I am calling out from the constituency office, I do not give them my credit card—I just dial direct?

Mr. Fleming: Correct.

Mr. Sterling: And they will pay that?

Mr. Fleming: Yes.

Mr. Sterling: But I cannot dial direct from my home; you will not pay that.

Mr. Fleming: No.

Hon. Mr. Welch: Use your credit card.

Mr. Fleming: Granted. But for the matter of control, we have to do it that way.

Mr. Sterling: What is the difference? I mean, who else uses my telephone at home but myself and my wife?

Hon. Mr. Welch: We will never ask.

Mr. Sterling: I was just trying to save—

Mr. Fleming: That means we have to set up a completely separate account in your home for that home telephone. That would have to be logged through the administrative office here. At the moment the Board of Internal Economy doesn't permit private telephone calls in your home to be paid for. Instead, if you are going to use your private home phone, you have to use your credit card on it. That is simply because we are not able to fund telephones in members' homes.

Mr. Miggiani: It would also mean that the member would have to pay out first and then get the money from us.

Mr. Fleming: Yes. Then there would be also, as Mr. Miggiani points out, the matter of reimbursement for your bills which you would have paid Bell Canada.

Mr. Sterling: That is fine and dandy. All I am interested in is saving the overall dollars, rather than put it on your credit card which costs about twice as much as making a direct call from your home.

Mr. Fleming: I might say, Mr. Sterling, these are matters we are constantly looking at and attempting to examine and discussing with Bell and the Board of Internal Economy. But at the moment, that has been the policy.

Mr. Sterling: I have no other comments.

Mr. Ruston: I don't have too much on this matter of telephones and constituency offices. It is such a great improvement to what it was years ago, Donald—

Mr. MacDonald: I don't agree.

Mr. Ruston: —the member for York South. But I can understand your point about the Speaker. I think that should be separate and distinct and yet I realize that what the House Leader has said about the responsibility. But the responsibility is still with the 125 people in this Legislature. If they themselves are not responsible for what goes on in this vote, heaven help the country. I think that that is a thing to think about.

I suppose it is the same as members of the Legislature and council members setting their own pay. I have heard it said, "You should get outside people to set your pay" and so forth. I recall the first time I was on

a township council. We only had two meetings until we raised our pay.

But I will tell you that doesn't bother me a bit. I'll sit in this Legislature and make that decision and feel that I'll make my response to the people. I can't forget the former member for Sarnia, Mr. Bullbrook, saying that very strongly in caucus one day, "If we cannot take that responsibility, there's something wrong with us as legislators." I don't worry about that.

It may be a problem for some people; it's a problem as to the way they do it. The way we do it seems to be to wait a long time; then it gets to the point where the salary range has got too low and we have to make a major increase. Of course, the public reaction is not very good. We see what happened in Ottawa a few years ago. In my opinion, the way the federal government did it was rather stupid; it was excessive as well. I think we have to take that responsibility because, after all, we are the last place in which to raise money in Ontario. If we can't take that responsibility, I really fear for the country.

As far as the telephoning goes with the Zenith lines now being covered—goodness, I think I have 11 different telephone exchanges; since that's been taken over, it's certainly helped me. I have two telephone lines in my house with six telephones. If the phones are not ringing a few times a day, my wife thinks it's very dull around there. That all goes with the job of being a member. It's enjoyable at times; I think it is, as long as she doesn't take the complaints—she just takes the telephone number and has me call back.

I really haven't got any fault to find, except that I think this vote should really be conducted in the way that it was intended to be. I can't see any reason, really, why it can't be handled under the Office of the Assembly by the Speaker and those in charge with him.

There's one thing I wanted to ask. I don't know if there's someone here from Hansard. If there is, I could ask about one problem we had. I can understand the problems with some of my speeches in the House; what with interruptions and my own lack of the English language, I'm sure there are some. I don't have much French, so I don't know really what I have.

Mr. Hall: There's nothing wrong with your volume, though.

Mr. Ruston: On one occasion I used a certain word where I was naming a township. I went and picked up a copy of Instant Hansard because the members don't get it any more unless Hansard figures there's a

problem. In going over the Instant, we found one word that was spelt wrong. I suppose that doesn't matter that much, but a different spelling can make a difference in what the word might mean. We marked it and sent it back. I don't know what happened, but it wasn't changed in Hansard. It's always a problem, because Hansard is printed and then it goes out. We caught the mistake in time. We did take it back in the time we thought was suitable for it. If I remember correctly, I spoke on a Thursday evening and I'm sure we took it in on Friday at some time.

On another occasion, and this is a little different situation, I was asking a question in the House one day and I made the mistake myself in my question. I used six months instead of 12 months, which made an awful difference, especially to anybody involved in the question. That was on a Friday. I called the Hansard office at 4.30—I think my girl called, in fact, but I was there. Apparently, according to the information we got, they hadn't gone to press yet and they could change it to 12, but it wasn't changed. I know you can't change the intent of anything and I suppose that would change the intent of the question, but it was a mistake. I don't know how you can, but is it possible to handle something like that?

Mr. Brannan: Taking the second problem first, I took the call on the second occasion. I remember it. I explained to your secretary that we couldn't change that and that you should rise in the House and change it yourself, because it wouldn't really serve any useful purpose to change it in the record after the incorrect information had inadvertently been given in the Legislature.

I'm afraid we follow that rule fairly rigidly for fairly obvious reasons. This particular instance of yours might have been a very innocuous one, but it could be a very serious situation where somebody is making a statement and he gives some very wrong information and then he calls us up afterwards and says, "I'm very sorry, but I gave the wrong figures in the House. I would like you to change it in Hansard." We won't do that, for fairly obvious reasons.

[2:45]

The other incident I must apologize for because this is something we try to foster. If a member finds something in the Instant Hansard, or if, in reading through it, if he finds a spelling error, particularly a proper name or something like that, we must appreciate his phoning in. Although we have lots of gazetteers and other reference sources, we some-

times do make mistakes. We don't need to have simple errors and grammatical errors pointed out to us, but we do appreciate having place names or difficult spellings, chemical names and things of that nature pointed out. But usually if we are not sure of a spelling of that type, we will send the sheet back to the member with a big red ring on it and say, "Please help us."

I'm afraid the first one must have gone astray somewhere. I must apologize for it, because we do look after those and we do try to get them changed as much as possible.

Mr. Ruston: I can understand that. I don't know how the girls do the job they do under the circumstances sometimes in that place. It's amazing. It's a terrible job at times.

Mr. MacDonald: It reads like English when it comes out.

Mr. Ruston: Yes, it does—after they and the interpreters after them go through it. At one time, of course, if I remember correctly, when I first came here you got a copy of your remarks that next day and you could go over them in total. But that was changed. Now we are only sent the pages on which there is a particular question.

Mr. Brannan: That's right, Mr. Chairman. The reason for that change is sheer volume. When we started printing up the estimates committees as well as the House, both from our point of view and from your point of view, the volume you would have to look through and the volume we would have to process would be just unreasonable.

Mr. Ruston: Yes, I can understand that.

Mr. Brannan: We think it's helping members in most cases just to pull out the sheets where there is a problem.

Mr. McGuigan: Mr. Chairman, I haven't been in office long enough to have generated very many problems in this regard.

I'm very fortunate, as some other members are, in having constituency offices that have very low rent. But I have run into a problem of mileage, in that many of the meetings that I am required to go to regarding problems in Kent-Elgin take me to Chatham, which is the county seat, and also to St. Thomas, which is a county seat, both of which are outside my constituency. So, when I submit a bill detailing my mileage, I'm immediately knocked down because of the fact that I'm outside of my constituency. To keep us all honest, I wonder if some consideration couldn't be given to rural ridings—or maybe to any ridings for that matter—when the person goes to the adjoining riding.

I realize you can't have us travelling from

Chatham to Ottawa just at whim and submitting a bill for it, but it could amount over the course of the year to a fair amount of money for the distance from the edge of my riding to Chatham or to St. Thomas. If I'm attending a Workmen's Compensation Board hearing in London or Windsor or something of this sort, I am not being compensated.

Like Mr. Sterling, what bothers me about the telephone is—

Hon. Mr. Welch: Before they change over to the telephone, maybe the officials could point out the section which would have to be taken a look at. It seems a practical situation which we should take a look at. I would think that in this situation knowing something about the political climate of both St. Thomas and Chatham, this member's getting into those areas occasionally is a worthwhile experience.

Mr. MacDonald: Are you willing to pay his way?

Hon. Mr. Welch: I mean, we should bend over backwards to make sure he gets near there.

Mr. McGuigan: Just in that connection, when I hear people flailing the Treasurer, I feel I should rise to his defence because he's my No. 1 constituent.

Hon. Mr. Welch: That's right. You should be protecting him.

Mr. McGuigan: I have two very famous constituents: Darcy McKeough and a ball player.

Mr. Cassidy: Fergie Jenkins?

Mr. McGuigan: That's right, Fergie Jenkins. You've got them in the wrong order.

Mr. Cassidy: I thought Darcy was throwing a pretty mean scoop all these days.

Mr. McGuigan: Well gentlemen, Darcy and I get along fine and I'm sure that they welcome me in Chatham and St. Thomas.

I have a private business phone on which I pay a fair rental per month. The standing charge is \$50 a month and then the calls come quite cheaply. Calls to a neighbouring town are around 26 or 28 cents, so it often bothers me to call the next town knowing that it would only cost 28 cents on my bill, while on the credit card it costs the government \$3 or \$4. This problem has been bothering me. I've made a number of calls and charged them to myself. However, I realized I had to stop doing that and started using the credit card system.

Mr. Cassidy: I have a number of small points and one or two larger ones which I want to run over quickly.

First, a matter that affects those of us who are fortunate enough to have the government trunk service across the province. The hassle we get with those as regular users is not excusable. Every time I call, they say, "What's your name, ministry and code." If my assistant or my wife call, who I think are legitimately entitled to use it on business that relates to this place, they are hassled even more. Frankly, it is not only a nuisance, it is also a heck of a waste of time and time is something which we all have difficulties in budgeting because of the demands that the members have got to carry.

I suggest that the board have some negotiations with the operators who are on duty after 5 o'clock, when we are entitled to make calls that don't just come into Queen's Park. It's important for us to use that because it saves an enormous amount of money which would otherwise be spent on the credit card. I think that service is useful and advantageous, but right now it's also a nuisance.

Secondly, although I don't believe the cost of the credit card is \$3 versus 26 cents, I would be interested in knowing, and the board might ask, "What are the tradeoffs? What is the additional cost of having members use credit cards all the time?" If those costs are extensive, then it might be worth looking at other means. I know that my credit card bills have been \$100 or more a month and if there can be a \$40 saving for each member per month then it may be worth bringing in other means of control.

Surely there are two lessons to be drawn from what Mr. Sterling said about the cost of a rural line and what Mr. Mancini said in relation to the wide area of telephone service. Either the total cost of the phone package is separate, or there should be a better means of pooling so that the postage allotment, the telephone allotment, the stationery allotment and the rent are all brought into one. In the urban areas the telephone costs may be a bit less, but the rent for office space is liable to be higher. In a rural area, the rent is going to be less but the telephone costs are going to be higher. There are certain tradeoffs but we can't always exercise them the way the system works at this time. I suggest that that be looked at.

Third, we're obviously moving in the direction of the Speaker taking over the building because it was personalities that held us back more than anything else. I do believe, and I say this to Mr. Welch, that it was the former minister's feeling that this

building was an extension of his country estate. This put a bit of a crimp in the equitable administration of space, facilities and that kind of thing and that attitude passed on to a number of the MGS people who felt they were personal retainers of the minister, rather than people who were going to be serving all the members of the Legislature. I hope that attitude is something for the past. I'm still a bit shaky around certain of those people.

I hope the committee of members' services looks at the question of the restaurant. To describe it in detail would take too much time for this particular committee. Frankly, I don't know how any of us survive eating there regularly. It is the lack of variety which is particularly upsetting. I really wish they'd go Brazilian one week, Chinese the next, English the next, Italian the next and then come back to the polyglot fare they normally offer. Anything, other than what we have right now—a buffet, fish and chips wrapped in newspaper—

Mr. Hall: You gourmet you.

Mr. Cassidy: You know, Ross, that out-of-town members have to live on it month after month and year and after year. It feeds my paranoid feeling that the fare that is offered in the ministry is very carefully determined by the cabinet, and designed to sap the vitality of opposition members, therefore making it easier to govern.

Mr. Hall: Do they eat the same food in that other room, Mike?

Mr. Cassidy: Yes, but the ministers never go there. They go there for show, so that they can be seen mingling with the plebs.

You can't get a bite to eat in that place for lunch before 12 o'clock, which may often interfere with your schedule if you have to go off for a lunch-time engagement and can't eat on the run. You also can't get a bite to eat before 6 o'clock. This means it's not possible to slip away from the House and have a bite to eat before going off to an evening engagement or before going to an evening meeting where you can't eat. That's very rigid, and it seems to me that if the place exists to serve the members the way we like to think, then that kind of thing needs to be treated with more care.

Mr. Hall: Even Frank Drea runs his place on schedule.

Mr. Cassidy: That may be. Let's face it; we have very little time available. We have difficulty in fitting decent eating into our habits. If we're not going to burn out the members should at least be able to eat decently.

I disagree with Mr. Mancini about the access for the staff who work in this building. The discrimination that exists against the women who often work in senior, responsible roles for the various caucuses is deplorable. It is particularly deplorable when you consider the ease with which senior civil servants from other parts of Queen's Park can waltz in because they happen to wear a business suit and to be male. That's a very serious problem.

I want to ask the minister a couple of specific questions. One relates to the commission on election expenses which comes into this particular ministry. I guess the commission is responsible to the Legislature as a whole, but since the minister is here, and since this is a matter that ultimately depends on government action, I'd like to know what the current status is on the question of the proposed \$2 check-off on the income tax.

When our select committee looked at this, we got letters from Bud Cullen, the federal Minister of Revenue at the time, saying that while he wasn't excited by it it was possible to arrange for that \$2 check-off to be implemented through the federal tax forms. We got letters from Arthur Meen, who was the provincial Minister of Revenue—this was just a year ago, on November 4, 1976—to say that the matter of the \$2 check-off had not yet been resolved and was still under study by the government. I suspect that that study is not being proceeded with very vigorously. In relation to healthy democracy in the province, it might be desirable that it were. I wonder if the minister can comment.

Hon. Mr. Welch: I'm not able to bring you up to date on that. I'm advised that last time the matter was discussed, there was some negotiation with—

Mr. Fleming: I believe there was discussion between Treasury, the Ministry of Revenue, and Ottawa. It came down to a question of certain reciprocal agreements. Apparently it had not been possible to settle this. That's all we know.

Hon. Mr. Welch: Could we take that question and I'll get you an update?

Mr. Cassidy: Of course. I'm sure that those matters can be resolved. They were concerned about confidentiality and about not preserving any record of the political leanings of an individual as reflected by the party to which they chose to give, which are legitimate questions. I am sure those are resolvable. Obviously any kind of computerized record of income tax information has the

same sensitivity problems as people's political allegiance.

[3:00]

The chief electoral officer comes under this vote. I don't want to talk about election procedures in general, but I want to raise for the record one particular aggravation that we have in election after election in a downtown riding like Ottawa Centre. I am sure that Mr. Walker, for example, would have had some of this experience in his riding, London South—it occurs in any area where there is a relatively high amount of mobility. These are the enumeration procedures which are still carried out under our election law.

We have an archaic procedure. It goes back to the dark ages of enumeration, of special enumeration and of court supervision. What happens after the first enumeration amounts to the same thing—the means of getting people onto the list—or whatever words you use to describe it.

In a highly mobile riding where people spend a decreasing amount of time at home—in particular apartment dwellers without family responsibilities—it is very difficult to get somebody onto the list if they miss out on the initial enumeration. It should be possible for a person who can be identified by means of a telephone directory listing, or something like that, to be enumerated in the special revision by telephone.

The second problem is that the close-off date for those special enumerations is a long distance before the actual vote. That creates enormous problems because people only begin to tune in about 10 or 12 days prior to the election. Everything we do as politicians, and people do on our behalf as politicians, is really like hitting the donkey over the head with a two by four. It takes them some time to notice there is anything going on. Many electors only begin to focus on the election after the time when they can get on the lists has passed. Consequently, as many as three or four or five per cent of the electorate in a riding like mine will be disenfranchised with no means of getting on the list.

We should allow people to continue to get on the lists, to permit them to vote on election day itself, long past the deadline for any special revisions of the list for people who want to vote in the advance poll. The present procedure is that the lists close about four days before the first advance poll. The lists should continue to remain open right through until three or four days before the election day itself, with the understanding that anybody who comes in at that time,

obviously cannot vote at the advance poll because they have not been enumerated

I put those on the record. I am sure that the minister or Mr. Fleming will pass those comments on to the appropriate quarters. It is a serious problem and in ridings like mine, it can mean as many as 3,000 or 4,000 people who, for various reasons, don't get the right to vote in a provincial election. I think that is serious.

Mr. Breithaupt: Just before you complete that I was wondering if you had any thoughts on another area that concerns me. That is the matter of returning perhaps to some sort of vouching on election day itself in urban ridings in the same way as it exists in rural ridings. This I would think, in an urban area as well, would be an opportunity to have at least several hundred more people vote who might not otherwise do so. Have you thought about that in the same aspect as the matter of keeping the lists open and what the practical balance might be? It is an area that happens to concern me as well.

Mr. Cassidy: Yes, I have. My feeling is that vouching at a poll on election day in an urban area is not appropriate. I just think it is opening a door to the kinds of things that used to happen in Quebec elections and that we can probably achieve the same end without going that far.

As a candidate I am a bit fed up, and my people are a bit fed up as campaigners, for being held responsible for imperfections in the election law. When we discover, a night or two before the election, somebody who has been left off the lists and they get angry at us, I would frankly like to see a way by which they can get on the lists.

Mr. Breithaupt: You don't think that could be accomplished in the vouching approach? I think we are dealing with the last quarter of one per cent of people who would very much like to vote, perhaps.

Mr. Cassidy: Right. In many cases, I think, they get angry but they are not people who are highly politicized to the point where they may even vote.

They should be able to go and vouch at the headquarters of the returning officer for that riding, so that we can tell them, "Look, we'll get a car." Then they can put up or shut up and we are not held responsible for election administration.

Mr. Breithaupt: Perhaps that person will vote at the returning office, which might give a certain sense of greater responsibility and be less likely to have—

Mr. Cassidy: Abuses.

Mr. Breithaupt:—any fudging or confusion going on. It might just set a better tone than the vouching in the poll idea.

Mr. Cassidy: I hadn't thought that they might actually vouch and vote at the returning office, but that seems to be not a bad kind of solution. I do believe that as close as possible to the election date—or even, as you suggest, on the election day—it should be possible for people to exercise that right to vote if they fulfill the requirements.

I want to make a representation to the committee and that is simply that a number of the recommendations contained in the select committee's report that relate to the building could be implemented now at relatively low cost. The Speaker has gone, but I'm sure he'll be looking at this.

I jotted a few down. There are others that I'm sure you would find as well: The provision of audio-visual equipment for one or two committee rooms. The allocation of private phones for members in that cloak-room space in the west lobby which is basically not used at this time. The opening up of the one-time library in the west lobby to provide additional lobby space because there are two parties with substantial numbers of members, as the minister may have noticed, over on that side. That could probably be done at relatively small cost. Even if you just took the doors off and opened it up without making any structural alterations to change that archway.

Mr. Breithaupt: But that room does have a use for private meetings or for three or four members talking over an item. Perhaps if the room were refurbished and made more useful it need not be fully opened up in that sense. I thought the matter of the telephones in that area where the coat closets are was under way.

Mr. Cassidy: If it's under way it's not completed yet. It's not been done.

Mr. Breithaupt: I recall someone saying it was.

Mr. Cassidy: If it was refurbished and the doors taken off it would still provide a quiet corner away from the hustle and bustle.

The acquisition of art: I notice that members are now being offered access to the prints that are available through the government. Perhaps the Legislature in 1978 should start to buy a certain amount of Canadian art, even though this wouldn't be the full-fledged kind of thing that we'd hoped for in the committee—at which we'll arrive. We'd acquire some experience and perhaps acquire a few things to counter-balance the monstrosities we have on the wall right now.

Provision of government documents for constituency offices: That is done to a certain extent right now. It could be improved, as could the whole procedure of documentation being provided to the press gallery.

Those are a number of things that could be done cheaply and quickly.

In the case of the library, I think a number of the recommendations that relate to the library and don't involve heavy costs could also be proceeded on right now and could begin to make this place a more effective place for us to work in.

The final point I want to raise, and maybe the minister can reply on this. The question of the independence of the Legislature and of the role of the Board of Internal Economy has been raised very strongly by Donald MacDonald. I obviously join in his comments and feel concerned about the reply from the Deputy Premier.

The reason the Deputy Premier is here is really in recognition of the reality of the situation, which is that the government still calls the shots on the Board of Internal Economy. Not the Speaker, not the House leaders in triumvirate, but the government. If the government is responsible, as it is now, then inevitably it is suffering from a conflict of interest.

If the Board of Internal Economy were, in its wisdom, to put forward recommendations to bring in research assistants to upgrade the library, to do other things that are long overdue with this money, those requests are going to get balanced against the demand of MNR for a certain amount of money for their services in provincial parks and somebody else wanting nine per cent rather than eight per cent for some service in the community provided for by their ministry. I believe it's an apples and oranges situation.

Donald here was just computing the fact that right now the Legislature costs one-tenth of one per cent of the budgetary expenditures of the province of Ontario. Given those proportions, the most extreme degree of profligacy by a restructured Board of Internal Economy on behalf of this Legislature would have no really appreciable effect on the overall budgetary situation. I think the minister will accept that is not liable to be the case.

We have to be concerned about the balance between the government and the Legislature. The Legislature has been held down for so long that I believe the people of the province have been losers. We're trying to catch up. That's what the purpose of the Camp commission and the select committee reports was. You can't catch up so long as the gov-

ernment holds all the aces in its hands and is very reluctant to part with the necessary wherewithal to make these changes possible.

I don't deny there has been some movement in a desirable direction, but there will always be a disagreement between the government and a consensus of the legislators in general as to the speed and pace of the direction with which we improve the services for the members and therefore make this a more effective Legislature. That's why I believe the independence of the Board of Internal Economy must be guaranteed and a restructuring is probably required in order to free it from the current dominance by the government side.

Hon. Mr. Welch: Mr. Chairman, let me make one or two comments here. The title of my next few minutes will be, "You can't win."

I am not here today because I want to be here at all. I'm here because I promised the Speaker yesterday I would come today as a member of the Board of Internal Economy. I believe, as has already been expressed, that the person who should carry these estimates is the Speaker. That's why I was not here last year. Because I didn't come last year the hon. member who has just finished, and others, for reasons best known to them, raised a fair fuss and I was almost subpoenaed to come and be here. I didn't await the subpoena. I came.

Mr. Cassidy: I appreciate that.

Hon. Mr. Welch: This year, to avoid all of this, here we are as members of the Board of Internal Economy. Not to repeat what's already on the record, as a response to what the member for York South said, I don't feel I should be here at all. When you say, under the circumstances, "Here's the Deputy Premier as some indication as to the government dominance of the Board of Internal Economy," I'm not the only member of the Board of Internal Economy. There are those who are spelled out there. I'm not trying to avoid that other particular point.

The Office of the Assembly estimates are the estimates that are before us. The Speaker is the head of the Office of the Assembly and he, along with his officials—and I'm saying this in a general way because there are reasons why this is a peculiar situation at this particular time—will respond to the questions of the members of this committee with respect to these amounts. He obviously felt that under the circumstances three of the party representatives could handle it.

It's a bit unfair to suggest the reason I'm here is to give some evidence as to the

dominance of the government on the Board of Internal Economy. I just thought I would like to identify myself to some degree with what the member for York South has said. I've always felt that these estimates should be separate and that they should be handled in this way. There's no mystery as to where ultimately the Office of Assembly gets its money. Who's trying to hide that? The Legislature has to vote that as they vote all the other estimates.

Whoever brought these changes in introduced a separate management board for the Assembly, made up in that way through representation. We have an honest difference of opinion as to how the membership should be made up.

Mr. MacDonald: Can I come back to this briefly, Mr. Chairman?

The government has accepted the basic thrust of the Camp commission, namely, that the Legislative Assembly should be separate, and should come under the control of the Speaker. The Deputy Premier has said that he agrees that the man who should be here is the Deputy Speaker.

Hon. Mr. Welch: Is the Speaker.

Mr. MacDonald: Sorry, is the Speaker. Right.

That's fine. The one final evidence of independence is that you make certain that the Board of Internal Economy is genuinely a separate board responsible only to the Assembly and not to the government. That's why the change in the composition of it is an absolute must.

Hon. Mr. Welch: I don't think these estimates go to the Management Board, do they? These estimates come directly to the Assembly from the Speaker, by way of the Board of Internal Economy. These don't go to the Management Board.

[3:15]

Mr. MacDonald: But you see, if the Speaker is put in charge and his Management Board is the Board of Internal Economy, you have got to get rid of that dominance of the Board of Internal Economy by three cabinet ministers.

Hon. Mr. Welch: We are independent souls.

Mr. MacDonald: Let's quit kidding ourselves, please. We are attempting to be serious here. As long as the three cabinet ministers are there, that is a relic of what you have said we were trying to get rid of, the attachment of them.

The figures that Mr. Cassidy has just given you are rather interesting. Our budget is ap-

proximately \$13.6 billion. And one per cent of that is \$136 million. Our expenditures here are \$14 million. That is one tenth of one per cent.

And to come back to the conflict in principle that the government has to have final responsibility for the expenditure of money, for one-tenth of one per cent, instead of the responsibility being with the government through the provincial Treasurer and the introduction of government money bills and everything else for that one-tenth of one per cent it is the responsibility of all of the Legislature. Who are more appropriate to be responsible for at least one-tenth of one per cent of the budget than all of the Legislature? They are as equally responsible as the Treasurer.

You can't have it both ways. You can't say you want an independent Legislature and have a Board of Internal Economy which inevitably in personnel is going to be dominated by the cabinet.

Mr. Breithaupt: The difficulty that you set forward, Mr. MacDonald, is one I share, having been a member of the board since it was first formed. I was there as the representative of the Liberal Party and Mr. Deans, your colleague from Wentworth, was there representing the New Democratic Party. In addition we have three ministers and the chief government whip ordinarily. It is true there is, as a result, clearly a majority of government supporters on the committee.

But I think you will agree that what has developed in these past two years is a peculiar situation, one that certainly has strayed from any of the paths of what we have been used to in this Legislature. I recall last year. It seemed that I was the only member of the board present and at one point I was, in theory and in practice, carrying the estimates for the board.

In that sense I felt that certainly had nothing to do with my responsibility as a member of the board and certainly not with my responsibility as House leader for my party. And yet somebody had to do it and I happened to be the one who was here.

We had the situation where the Speaker, who I believe should be present and conducting these estimates, even though that is not the tradition in Ottawa as I understand it. I understand that there the Clerk of the House—

Mr. Cassidy: I believe we found out that the Speaker does carry the estimates.

Mr. Breithaupt: Oh, is that so? I thought it was the situation where the Clerk of the House was present, as a deputy minister

would be, but the Speaker wasn't. I did not know that that was the case. Well, that certainly cuts away even that reason for the Speaker not having the full responsibility.

Hon. Mr. Welch: How many opposition members are there on the Board of Internal Economy in Ottawa?

Mr. MacDonald: You see, before you came in I suggested that the appropriate composition for the Board of Internal Economy would be a representative from each of the parties—

Hon. Mr. Welch: No members of the opposition.

Mr. MacDonald: —then you have a balance undominated by the cabinet or by member of the Executive Council.

Mr. Breithaupt: Well, this could well be the best possibility.

Mr. MacDonald: Then when we come to these estimates, I would think that for appropriate consideration for these estimates the Speaker should be here as the head of this ministry. He has two deputies, the Clerk and the director of administration. If you want then to bring in the three members who were on the Board of Internal Economy as backup—

Mr. Breithaupt: I would think that would be most appropriate.

Mr. MacDonald: Right, they are the backup.

Mr. Breithaupt: You see, in our circumstances now to a degree we seem to be falling between two stools. On the one hand we have a board which has opposition membership on it, which is not the Ottawa situation, I understand; on the other hand we have, seemingly, no one in a position completely responsible towards the committee dealing with estimates to be here and do anything. I thought Mr. Deans would be here this afternoon, and I must apologize for being late myself, but I announced to the board yesterday that I didn't intend to be here alone again and we got to the point of saying that we would try to balance this thing out.

I must say that in the operations of the board in these last two years, it has not been—as you perhaps feel it is—that there is an automatic dominance by the cabinet. It has been my experience, having been on the board since it started, that the members attending do attempt a balance; they have a sense of responsibility to the assembly proportionately greater than you may feel is an automatic response to government policy of the day or whatever.

Mr. MacDonald: But you still have four government members and two opposition members.

Mr. Breithaupt: I recognize that. I don't discount the value and the development of this machinery just for that reason. It may well be we will see the time when it has a party representation. And in these days—certainly, in the foreseeable future in the province, where three strong parties are likely to prevail—it might be a healthier and further step.

I don't quarrel with that at all. I do say to you that in my experience on the board, in the work that the staff has done in relating to members of the board with those responsibilities, there has been excellent co-operation. Reliable work has always been provided, and many times under difficult circumstances, under crowded working conditions and under problems of staffing; the staff has always got on with the jobs suddenly given to them.

Certainly, my relationship with the staff and with other members of the board has been one of a constant common attempt to serve the Legislature in dealing with these estimates and with the difficulties of bringing in other areas like the election office, the responsibility for the election expenses commission and the office of the Ombudsman, as well, through its new way of getting its money in by various means. It has very much been a learning experience. But surely the system is working better than it was two years ago. I look forward to the day when this might well be the case; that we have a tripartite board with the Speaker here and really the best of independence as would befit that response within the Legislature.

Mr. MacDonald: My case can be put very simply. We must not only have the appearance of independence, we must have the reality. And the appearance of independence is always somewhat in jeopardy—

Mr. Breithaupt: Quite so.

Mr. MacDonald: —if you have a Board of Internal Economy that has four government party people on it and two from the opposition.

Mr. Acting Chairman: Would the members agree that we've pretty well covered the points?

Mr. Cassidy: I just want finally to point out that it is true, as Mr. Breithaupt has said, that there is that kind of effort to reach a consensus. But it is interesting to note that that consensus was reached within an overall context of a five per cent increase in the

Office of the Assembly's budget this year. That suggests to me that the opposition parties, in effect, sensed how much might be available in additional funds. Therefore, no meaningful progress was made—and in this current year is being made—toward the goals of trying to further beef up the resources available in order for members to do an adequate job.

Mr. Breithaupt: It is very difficult, I suppose, for us to get through the agendas at times with the cramming in of meetings which we try to do. I agree with you that additional facilities and benefits are sorely wanted within this building. One would hope that the members' services committee will also be a focus for that sort of situation, where the members' interests are more peculiarly and separately looked at, as we deal with so many of these administrative things which do crowd in. I agree with you on that.

Mr. Cassidy: Can we agree, Mr. Chairman, that next year as a matter of course it will be expected that the Speaker will be here for the Office of the Assembly estimates, and hope that the members from the three parties at the Board of Internal Economy might be there in an ancillary role, but not as the people who carry the estimates, as they have this afternoon?

Hon. Mr. Welch: That is a reasonable assumption which I think the Speaker himself is quite prepared to consider.

Mr. Acting Chairman: Can the record show then that the committee agrees that the Speaker be in attendance next year?

Hon. Mr. Welch: I don't know whether a committee can really command the Speaker to be here, but I think it is reasonable for us to assume that the Speaker would want to be.

Mr. MacDonald: With what staff he deems appropriate. I have seen ministers come in and they won't even have their deputy around.

Hon. Mr. Welch: That is right.

Mr. MacDonald: They are rather rare, but there have been occasions.

Mr. Cassidy: When Margaret Scrivener came the room was too small to hold her officials.

Hon. Mr. Welch: Some are proud of their staff.

Mr. Acting Chairman: We will have the record show then that we would hope—and that it is the wish of the committee—that the Speaker and his appropriate officials attend, approximately a year from now. Time is mov-

ing on and I assume we have finished that subject.

Mr. Hall: Mr. Chairman, I have four or five items.

Some ministries provide a briefing paper. You may not feel that this is necessary for the Office of the Assembly because the Board of Internal Economy is very close to the situation, but for me it represents an opportunity to learn about certain items that just show up as numbers in standard classifications here. And for the board it would let the light shine on all the hard work and brilliant thought that goes on in all these weekly meetings with which we are so impressed.

I have been a member for only two years and I have had a lot of clean-up work to do in Lincoln after succeeding a previous member.

One small point: I notice that on the government service telephone line, Grimsby never made the list. I can get by without it; I just wonder how the system works that certain communities are on this system and others are not. Is there any Bell telephone logic to it?

Hon. Mr. Welch: Mr. Chairman, is it possible to get Grimsby from Hamilton?

Mr. Hall: It is not on the list of calls here.

Hon. Mr. Welch: Is it a local call?

Mr. Hall: No, it is a long distance call.

Hon. Mr. Welch: Hamilton to Grimsby?

Mr. Hall: Yes.

Mr. Walker: The rule has always been—or so I've heard—that where there were government installations, government buildings, where one might expect a number of calls back and forth, they establish a phone

Mr. Breithaupt: I would think that the demand in the area, in the various focal points where ministries had their offices or whatever, would be the general criterion.

Mr. Hall: We now have a Niagara Escarpment Commission office in Grimsby, but we didn't in earlier years.

Hon. Mr. Welch: Actually, the previous member for Lincoln was there so often looking after his constituents it was not necessary for him to use the phone anyway. I guess that has changed.

Mr. Hall: I notice that small centres like Niagara-on-the-Lake are included but metropolitan areas like Grimsby are left out. It makes one wonder.

Just going on in a more serious vein: The question of a Hansard of public accounts committee and the cost. It disturbs me that there is a judgement call, I suppose, as to the

relevancy of expenditure of that committee versus the cost of recording such meetings as this in full detail. I was on the public accounts committee for a year or more and there were two areas in the meeting that I felt certainly should have been recorded. Maybe, in public accounts, they come up fast and you don't know when they are going to happen, because we went through a period of doldrums. But then we got into the OHIP area and the release of confidential information, and I wish very much that some of the matters stated there had been on the public record.

As a personal point, I voted against the release of OHIP material to public accounts, but I still took my share of abuse afterwards from just having been on the public accounts committee, and having no public record to refer to on that subject.

[3:30]

Similarly, without getting into all the issues of Ronto, the testimony of outsiders like Mr. Goodman who appeared before the committee should have been put on record. He does talk fast and when there is no record of it afterwards to understand what was said it reduces the effectiveness of the committee.

I suggest to you that of all the committees that should be in the minds of the Board of Internal Economy, public accounts deserves full recording far more than many others. So, I'll leave that with you.

Mr. MacDonald: If it's worth putting on record, I'm in favour of it.

Mr. Hall: The matter of caucus support services is one of the items in the budget, and it may be clear to the people on the board but I would appreciate it if some of them would refresh my memory as the systematic breakdown of how these dollars are allocated to the three parties. I'll leave that fact with you for a reply, if you don't mind.

One more thing I would like an explanation of is the grant of \$70,000 to the Commonwealth Parliamentary Association. I see that is primarily represented by a total cost of events last September. Don't misunderstand me, I don't disagree with this, but I wonder for the record if you could in a few words outline your view as to what the benefits were to Ontario taxpayers for this expenditure.

If you will respond to those, that will complete my questions.

Hon. Mr. Welch: Perhaps, Mr. Chairman, with your permission we might have some comments about the Hansard reporting.

Mr. Brannan: Yes, Mr. Chairman, as of December 16, 1976, Hansard is now required

to record electronically all meetings of standing committees and the original wording of the House rule was that we would "record without transcription." Since that time, we have been asked to transcribe certain portions and the Speaker has made a decision that Hansard could be required, or asked, to transcribe portions of standing committee meetings where the testimony or the debate was considered particularly important or relevant, and we do stand ready now to transcribe portions of those committees.

Frankly, what Mr. Speaker and we, from a staff viewpoint, would like to avoid is a blanket demand from the standing committee, "We want our meeting, or all our meetings, transcribed." We're in the hands of the Legislature. If the Legislature moves to have the whole thing done we will have to step up our equipment and staff arrangements to meet that, but the current situation is that if there is a particular portion that the committee feels that it would like to have a transcript of, we will provide that transcript.

Hon. Mr. Welch: Is public accounts recorded now?

Mr. Brannan: Yes, Mr. Chairman, it is recorded.

Hon. Mr. Welch: So there is a record.

Mr. Hall: There was not a record and then we got in'o the suggestion that we would record but not print.

Hon. Mr. Welch: That is pretty general now, except for the estimates committees. Most standing committee work is, in fact, on the record and there is what is called selective transcription. That was the decision made, as for the Inco select committee where the same privileges were accorded. So I would take it that all public accounts meetings since that particular time are on record.

Mr. Brannan: Since that date, since the beginning of this year.

Mr. Hall: They're not printed.

Hon. Mr. Welch: They're not printed.

Mr. Brannan: They're not printed anyway. I'm sorry, perhaps I didn't make that clear. Standing committee debates or discussions are not printed, but they are provided in transcript form as requested. In other words, like the Instant Hansard, in a duplicate form.

Hon. Mr. Welch: As requested?

Mr. Hall: When requested.

Hon. Mr. Welch: It's about the same thing.

Mr. Hall: To take it further, would the chairman of the public accounts committee from day to day, or meeting to meeting, or

in a portion of a meeting, say, "I want this printed," and this would be the step to take? Is this what you're suggesting?

Mr. Brannan: Yes, Mr. Chairman. I think within the last week a memorandum went around to the various standing committee chairmen from Mr. Speaker spelling out that we were recording all meetings and that we would transcribe portions or segments of those meetings on request in writing from the chairman of the committee. The recording has been done since the beginning of the year. The general decision to transcribe selectively was made only very recently.

Mr. Hall: So you're printing all the select committee?

Mr. Brannan: We're not printing, we're transcribing.

Mr. Hall: You're transcribing. But you are printing all supply estimates?

Mr. Brannan: Yes, we transcribe and print all House and standing committee proceedings when they're considering estimates. We transcribe on request segments of standing committee meetings, and we transcribe select committee proceedings more or less on motion of the House or at the request of the committee itself.

Mr. Hall: What sort of cost differential would you get into, to take this a further step, on standing committees in print?

Mr. Brannan: About \$47 a printed page.

Mr. Hall: Translated, you must have some bigger number than that though?

Mr. Brannan: Roughly, \$475 an hour of proceedings.

Mr. Hall: You'd have to multiply that by the number of hours of sitting to get a budget figure if you were asked to include that in the budget?

Mr. Brannan: That's right.

Mr. Hall: I still suggest to the committee that you have to make a decision as to whether it's more worthwhile to address yourself to the printing of things which are in the public eye because you created select committees or are in the public eye because you caused them to be referred to the public accounts committee, as opposed to the estimates which are cut and dried and suffer change through endless hours of meetings.

Hon. Mr. Welch: What the hon. member overlooks is the fact that although there is far more work now being done in committees, estimates generally are done in the House.

An hon. member: That's right.

Hon. Mr. Welch: It is simply the House in committee. It would follow quite logically that the Hansard services that were recording the debates of the House would carry on and record all the discussions, debates and comments in estimates. Indeed, it was argued, and quite properly so, that when we agreed to start taking estimates out of the House and into standing committees that it was reasonable to expect the same service for that as was done when it was in the House. In other words, as we are here, we're simply an extension of the House. The House has directed that some part of its work, namely, the consideration of these estimates, be done here.

Similarly, what happens with legislation when you go into committee of the whole House is all recorded there. When we sent legislation out to a standing committee, of course, that wasn't being done, so there is now a record made of the standing committee's work, although it's not automatically printed. But usually when those bills go back to the committee of the whole House a lot of that is repeated anyway and then becomes part of Hansard.

It's not a case of what is more important. It's a case of what tradition has built up. I think the argument to be made is whether or not the increase in cost is justified, given what you're accomplishing. I thought I heard the hon. member saying he wanted to be able to go back to some record where he had stood on some issue, or to review some technical evidence, or to review some matter. Surely it is better to have some way it could be requisitioned in some printed form in a selective way and read, than to have pages and pages of print which may not be of any particular relevance, depending on the circumstances.

I think we've found a way, as usual to compromise. We find most of the proceedings recorded; some are automatically printed because of the tradition of the extension of the House; and there are yet provisions for transcription in this particular form to which reference has been made, as requested. So, in total, everything to that extent is recorded.

Mr. Hall: I can appreciate your point about the historical step by step evolution of why you're doing full Hansard of committee of supply. I don't disagree with that. I just suggest to you that some of these other areas are becoming more important than they used to be. Maybe in your wisdom you should consider whether or not the money is worth expending in the future. I don't care about the historical past in the

sense of where we're going from here. This is why I raised the point.

Hon. Mr. Welch: The historic past is relevant when you start making statements like you did, that what is being done now is more important than recording estimates. The point I was making very simply from the historic perspective was that the recording of estimates is evolutionary. It makes some sense to suggest that maybe more importance should be attached to, and it's not by comparison with, what's been done in the past.

It is just as valid to argue that maybe recording what has happened here since 1 o'clock and automatically printing it wouldn't be as important as printing the next meeting of the public accounts committee. Who knows? So therefore the argument there would be that we discontinue doing it here and maybe use the same resources doing it some other place. I don't know whether you are saying that or not, and I am not saying that particularly. But that may be the sort of thing to take a look at, if you want to measure importance or degrees of importance.

Mr. Hall: Someone has to and this is the reason I put the point forward.

Hon. Mr. Welch: The other point raised by the hon. member for Lincoln was the \$70,000 item standing in the estimates in the name of the office of the Clerk, called "transfer to the Commonwealth Parliamentary Association." The breakdown that we have here is that \$10,000 of that \$70,000 is to the Commonwealth Parliamentary Association.

Mr. Hall: Ten thousand dollars?

Hon. Mr. Welch: Yes, \$10,000 is to the Canadian Parliamentary Association, and the bulk of it, \$50,000, is for the Canadian Political Science Association as the contribution to the parliamentary interns program.

Mr. Hall: Thank you. The caucus support services—some detail of breakdown there?

Hon. Mr. Welch: Caucus support services? That is \$1.6 million.

Mr. Breithaupt: The caucus support services are generally broken down on the basis of a contribution per member, and a contribution for the research per member, with an override added for—

Hon. Mr. Welch: With \$6,000.

Mr. Breithaupt: —the operation of the leader's office. Those are the three themes and the details are available here.

Hon. Mr. Welch: Mr. Chairman, perhaps we might ask Mr. Miggiani to give a breakdown of the formula.

Mr. Miggiani: The formula is as follows,

Mr. Chairman. Caucus support, \$6,000 per elected member. In that same vote you have research.

The government caucus gets \$3,000 for back-benchers and parliamentary assistants only. The Liberal caucus gets \$6,500 per member for research, plus 30 per cent of the \$6,000 formula for leader support. The NDP caucus gets \$6,000 per elected member; research gets \$5,500 per elected member and leader support is 30 per cent of the \$6,000 formula. Then the House leader for each party gets \$6,000 expense and they also get salaries for the executive assistants, which is in the neighbourhood of \$16,300.

Mr. Acting Chairman: Any further questions before we pass the vote? My understanding is that we were operating on a block vote rather than item by item. Then does vote 201 pass?

Mr. Germa: If we are on a block vote—I'm sorry I was late coming in, I was detained. Have you talked about constituency offices?

Mr. Acting Chairman: Yes.

Mr. Germa: Did you talk specifically about stationery supplies for constituents?

Hon. Mr. Welch: Not specifically, no.

Mr. Germa: I don't know why I find I'm the only guy in trouble but I think I had to make contribution last year of \$124 on account of over-expanding my budget.

Hon. Mr. Welch: On postage?

Mr. Germa: No, on stationery. I have a particularly competent person in Sudbury and I do a lot of my correspondence out of that office. It just happened to evolve like that; it wasn't planned that way.

It seems that on the weekends I have more time to do my correspondence and consequently most of my correspondence is going out of the Sudbury office. Because of that my stationery budget is running over and right now I think I'm within \$30 of the maximum allowance for this year already. Last year I know I did go over to the tune of about \$124. That forced me then to change my modus operandi, which apparently didn't fit properly with my schedule, to try and move my correspondence back here because of the unlimited stationery supply. It seems to me that it shouldn't matter which end of the pipe I am using for my correspondence. Whether I am doing it at the Sudbury end of the pipe or at the Queen's Park end of the pipe, I am only going to write so many letters per year. Anything I do up north, of

course, is going to detract from what I do down here.

[3:45]

Mr. Breithaupt: Are you telling us that the stationery and supplies were purchased locally?

Mr. Germa: No. They were purchased through Government Services, through the requisition process.

Mr. Breithaupt: It was shipped up there.

Mr. Germa: Yes, there's a \$300 allowance.

Mr. Breithaupt: Presumably if they had been shipped here and you had taken them up, there wouldn't have been this charge.

Hon. Mr. Welch: If the hon. member would allow, perhaps we could ask the officials of the office to meet with the members to see if there isn't some way to work out something.

Mr. Breithaupt: We had some problems earlier with respect to the matter of postage. That was increased this year since many members had been at their top limit.

Mr. Fleming: The original intention was that these moneys should be used by members to buy stationery at the local level. They started off with the original allocation of \$200. It was then increased to \$300. It was also recognized that if some member wished to pick up his stationery here at Queen's Park, and take it to his constituency—by car—he could.

Of course, they wouldn't be taking it out of the \$300 allocation which is really envisaged as money that would be used by, for instance, your constituency secretary in making local purchases.

Mr. Germa: Are you telling me I should take a box of envelopes under my arm to Sudbury?

Mr. Fleming: We're assuming that it's being done and there isn't any case against it.

Hon. Mr. Welch: I think that you should have a private meeting to discuss it.

Mr. Germa: I was reluctant to do that. I don't want to walk out of here every weekend with boxes of stationery and envelopes. I was ordering directly on the requisition from Government Services.

Mr. Breithaupt: If you were ordering on those requisitions, the items should have been shipped to your constituency office but charged to your ordinary office expense here, which appears eventually as stationery and other items in the annual submission to the House and becomes a public record. There should have been no separate cost charged for the value of those items, just because

they were being used in that office. They should have been accounted for in the normal way, appearing on your statement at the end of the year.

Mr. Germa: That's what happened. I received a demand note from the ministry stating I owe him \$124, and I paid him.

Mr. Acting Chairman: Several members have mentioned the desirability of having our various allotments pooled—"globalled". I think that is the word Mr. MacDonald uses.

Mr. Germa: You mean pool the individual items on the constituency office?

Mr. Acting Chairman: Yes.

Mr. Breithaupt: We'll have to look at this

idea where someone's rent is higher in Metro but their wages perhaps are lower, and the reverse in a rural riding.

Mr. Acting Chairman: It's one way to allow us a little more flexibility.

Mr. Walker: Mr. Chairman, while we're on constituency offices, do the allocations for the present year start and are they pro rated as of June 9? Is any allocation per year to April 1 pro rated from June 9 to April 1?

Some hon. members: Right.

Vote 201 agreed to.

Mr. Acting Chairman: This completes the estimates of the Office of the Assembly.

The committee adjourned at 3:50 p.m.

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 Fleming, R. J., Director of Administration
 Migiani, J. M., Finance Officer



No. G-19

Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Office of the Provincial Auditor



First Session, 31st Parliament

Monday, November 21, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, Q.C.

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LEGISLATURE OF ONTARIO

MONDAY, NOVEMBER 21, 1977

The committee met at 8:04 p.m.

ESTIMATES, OFFICE OF THE PROVINCIAL AUDITOR

Mr. Chairman: We can start. Mr. Scott has indicated that he has no opening statement. I gather you have an opening statement, Mr. Reid. Do you want a minute to look over that before you commence?

Mr. Reid: Mr. Chairman, I really was being somewhat facetious when I said that I had an opening statement. However, I would like to put two or three comments on the record because this will be the last time, under the provisions of the old Audit Act, the old system of doing the estimates, that the office of the Provincial Auditor will come before this committee.

Under the new Audit Act which we hope will be passed before Christmas the Board of Internal Economy, in conjunction with the chairman of the public accounts committee, will be responsible for the estimates of the Provincial Auditor. In this kind of forum it will be the last opportunity, for the Auditor particularly to put on record, or for the members of the Legislature as a whole to question his estimates and perhaps ask questions of a general nature.

Therefore, I would put to the Auditor this question: Could he give us a very general outline of the responsibilities of the Provincial Auditor in the province of Ontario? I ask this having been a previous chairman of public accounts and as the present chairman of public accounts, there is a great dearth of information in the public administration archives of our library, or anywhere else in Canada, as to the role of the Provincial Auditor, particularly in the province of Ontario.

There was an article in a periodical, "Public Administration in Canada," which outlines some of the duties and responsibilities of the provincial auditors in Canada, which I thought was greatly misleading. Due in part to what I would term poor methodology on the part of the professor who wrote the article and in part because there really is a great shortage of information as to the role of the Auditor in the province of On-

tario, I would like to prevail upon the Auditor to give us a summation of the office of the Provincial Auditor in the province of Ontario: His function as he sees it, with some historical analysis, so that this will be available for people who, for want of a better word, come after us.

Mr. Makarchuk: This is the first time I've had a chance to participate in the discussions of the Auditor's estimates and again, as my colleague from the Liberal Party has stated, we are running this thing on a rather ad hoc basis.

What I'd like to stress in these discussions is the fact that the Auditor is the god among us mere mortals and that includes the cabinet ministers as well. We look towards him to ensure that the moneys of the taxpayers are spent properly and we are getting good value for the money.

The point I have to stress here is that with the information that's fed to every member of the Legislature, someone will always come up to you and say, "Look, the government is being ripped off here. The government is paying through the nose on these things. We know of this government institution where there is needless spending."

I could relate, as an example, that the president of a college who didn't like the colour of the carpet in his office had it ripped out and they put in another one. Another example where the guards at the jail are forced to buy—or the government is buying—batteries for radios. They're paying something like \$70 when in fact the same batteries are available at the local radio shop for something like \$1.25.

In the scheme of things, it may appear, particularly to us, where we're spending billions and billions of dollars, or at least hundreds of millions at a time, that it's not important. To the public, and I think it should be to the members here, it's an element of concern. The only way, it seems to me, that we the members have some kind of control over this, or the only person we have to depend on, is the Auditor of the province of Ontario.

The new Audit Act gives you the powers to be able to look at this. I hope the Auditor really takes it seriously, in particular the

clause stating: "You get value for money expended," or words to that effect and that you really take this into account. In the future when people come to members and say, "We think the government is being taken for a ride"—and it is a common fallacy in the public mind that you can get away with selling to the government, billing the government, and the government, for various reasons, will pay the bill without examining whether it received the goods for the money that's being expended—perhaps the Auditor will move in that direction. I think he has the power under the new Audit Act which will be going through shortly.

Hopefully you will become, sir, a Ralph Nader perhaps, in terms of looking at public spending. At least when the members get criticized, when instances are brought to the members' attention, the member can refer somehow to the Auditor and say, "Look, can you check this out?" Perhaps the Auditor can acquire some information on these things in the future; I'd like to hear his comments. This is a matter we touched on on the bill.

Another item that is of concern to me: We have certain government programs that come out. There does not seem to be any idea exactly what those programs are going to accomplish. We have an idea what they are going to cost, but we don't know whether we're getting our money's worth from the programs.

Sometime in the future I think the Auditor should be able to look at a program and have an idea what the program is expected to do in human terms, which is a difficult quantity to measure, or it may be in other terms, which may be a lot simpler to measure. In the future we should be able to sit back, through the Auditor, and look at the accounts and say that this program really has accomplished what it set out to do, or else it has not accomplished what it set out to do. We should be able to say that there have to be changes in the program, or we have to cancel the program. We'll then have some very good arguments about the program.

Mr. Mancini: If the Auditor does all that I guess we can go home.

Mr. Davison: You could open a restaurant in the basement here.

Mr. Makarchuk: I don't think you have to worry about that. I can think of a lot of other things you could be doing. If I can't think of them you should be able to think of them yourself.

I think the Auditor—and this is not a new concept, it's being instituted in the GAO in the United States where they are starting to look at some of their programs—I think we

should take a serious look at some of the programs here.

I'd like to conclude the whole discussion on this with the fact that the Auditor, in my estimation, should be the individual who has the expertise, who has the knowledge, who has the personnel, to deal with a lot of government spending that the average member has neither the training nor the time—or perhaps in some cases the inclination—to look at. In effect, you're not a representative of the government in power but I think you should look upon your office—this is an opinion of mine—as a representative of the members of the opposition who sit in this House and who are charged with the responsibility to see that the taxpayer is getting his money's worth.

The most effective way they have of doing this is going through the Auditor, because they have a certain confidence, a certain faith in the office of the Auditor to be objective, fair and thorough in his examination of government spendings. Hopefully—I have no reason to feel otherwise at this time—you will continue that function and pursue it and expand it.

Again, I would like to repeat here, the public wants to make damn sure that they're getting their money's worth. The common mythology that's rampant these days is that the government is throwing away money, they're wasting money and so on. If we're wasting money, if the Auditor feels we're wasting money, then it has to be brought to the attention of the members, the government, and the people in this Legislature, because we are charged with the final responsibility of deciding how this government acts and what it does. When we have that information then we will deal with it on the basis of what is there.

Mr. Chairman: Mr. Scott, would you like to respond to Mr. Reid and to Mr. Makarchuk?

Mr. Scott: Thank you very much, Mr. Chairman.

For the record, I'd like to go back, as Mr. Reid requested, and give a little history, and bring the members up to date.

In the auditing field, we have gone through changes in the past few years. I think it was in 1971 when the COGP made their first recommendation that the audit office be relieved of its duties in the pre-audit field and assume an entirely more effective post-audit. That took approximately two years to complete, going through the conversion from a pre-audit to a post-audit. That was completed in 1974.

[8:15]

We're currently in a further change with a new Audit Act presently before the House, which has just undergone a clause by clause review by the public accounts committee. The chairman has reported back to the House with several amendments and I believe there'll be several more amendments prior to third reading being given by the House.

In that connection the expanding role and responsibility of the Auditor is increasing. Mr. Makarchuk has mentioned value for money. That is very broad terminology and in the new Act it has been broken down into two sections. The first section is economy and efficiency. The second is effectiveness. When you get into measuring the effectiveness of programs, you are again getting into a policy field, so the new Act has been drafted on the basis that the Auditor will monitor to see whether or not the ministries themselves are measuring their programs. If there is any criticism of the effectiveness of the policy, I think gentlemen, that is the prerogative of the members of the Legislature, not of the Auditor, because you're getting into a policy field.

There are three levels of auditing: The first level we're all basically familiar with is the financial and compliance audit which has been going on in Ontario since about 1869 when the audit office came into existence.

The second level is economy and efficiency and the new Audit Act will give that mandate to the Provincial Auditor. This I must stress, as I stressed before the public accounts committee, we're sort of sailing in uncharted waters here, because there are no criteria, no guidelines currently available for this type of auditing. The Auditor General of Canada is currently endeavouring to expand his program. The wording in our Act is identical to that in Bill C-20 that was passed at the federal level.

The third level of auditing is the program audit or the measurement of effectiveness. That, Mr. Chairman, is the area where I think we can only be responsible to see that the ministries are measuring their programs and report whether or not they are measuring their programs. The criticism of the programs I feel will have to be the responsibility of the members of the Legislature.

I don't know whether there's anything further I can add, but certainly if there are any questions I'd only be too pleased, or my staff would only be too pleased to answer them.

On vote 601, administration of the Audit Act and statutory audits:

Mr. Mancini: First of all, I'd like to thank

the Auditor for his statement. I think you put it forth very clearly and I'm satisfied with what the Auditor's position is.

I was wondering what the Auditor could do to make his office more available to the members outside of the public accounts committee. If we have specific questions and if we want the Auditor to look into specific matters instead of having these matters brought before the public accounts committee, I was wondering if we could have this done by request over the telephone, or through formal correspondence.

I think in many cases we'd like matters of expenditure, large or small, checked into. Not in every situation does the member want it brought before the public accounts. That could be for various reasons. Perhaps he doesn't want to make his inquiry public yet, or he doesn't feel he should take up the time of the whole committee for a matter which members aren't interested in. Therefore I would like to see a better liaison between the individual member and the Auditor as per their personal requests.

Mr. Scott: This question, Mr. Mancini, has been raised on several occasions before the public accounts committee. It's virtually impossible for the Auditor to operate and be at the request of each member of the assembly. If I were to do so, I would have 125 bosses to cater to, and I'm afraid I would hardly be able to carry out the responsibilities that are going to be placed upon me in regard to the new or the existing Audit Act.

As you're well aware, members of the Legislature have three avenues through which they can ask questions. They have the question period. They have the order paper. Failing that, if they're not a member of the public accounts committee, they can pass along the information to their caucus member who can then bring it before the public accounts committee. If it's passed by resolution certainly we have to comply with that resolution and obtain the information and report back to the public accounts committee.

That responsibility is spelled right out in the new Audit Act. However, it would be almost impossible to operate otherwise because I would have a fair portion of my staff continually being more or less research assistants for members of the Legislature. I don't think that's the purpose or the object of the Auditor.

Mr. Davison: In the past two years I've always found your little booklet to be most interesting reading late at night, or before

a hot debate in the Legislature. In the last edition on page 14, you explained the relationship between your office and the Workmen's Compensation Board which, if I understand it, is that a public accountant, which means a private accountant, is designated as the auditor of the Compensation Board. That accountant and his work are subject to review or direction by your office. Is that essentially the process?

Mr. Scott: That is the process. The Workmen's Compensation Board Act in which we had to assume the responsibility for the audit, was amended in 1973 and became effective on January 1, 1974. However, the option is left by the Act for them to appoint outside auditors, and if they do appoint an outside firm, the firm reports to us and works under our direction. This is what happens when a firm in the private sector carries out the audit; we review their audit program, their working papers and they report to us.

Mr. Davison: That's what in fact did happen with the Workmen's Compensation Board.

Mr. Scott: That is correct.

Mr. Davison: Perhaps you are not aware of it yet, but earlier this year, the select committee on the Ombudsman had the Workmen's Compensation Board before them to deal specifically with a couple of cases that had been brought to the committee's attention by the Ombudsman and to deal with some other outstanding matters. Upon examination of documents from the Ombudsman's office it was discovered—this is, by the way, a matter of public record—it was discovered that the board had managed to misinterpret the provisions of the Workmen's Compensation Act and in the process made overpayments to several thousand citizens in the province of Ontario. They had just become aware of that last month. Therefore, no action has been taken yet.

I would think that it would be one of the responsibilities of an auditor, be he a private auditor, a public accountant or the Provincial Auditor, to see whether or not a ministry or an agency or a corporation of the Crown is working within the limitations imposed on it by its Act. Are you aware of the situation I'm referring to?

Mr. Scott: I'm not aware of the situation you mention. When did this occur?

Mr. Davison: Just very recently, so it's quite understandable you're not yet aware of it.

Mr. Scott: No, because possibly it will come under the 1977 audit. The firm may

have completed their interim audit but they certainly haven't started the final phase of the audit yet.

Mr. Davison: In your opinion, would it be the responsibility of the private accountancy firm hired by the Workmen's Compensation Board to make sure that the board was working within the limitations of its Act?

Mr. Scott: That is correct. That comes within that first level of auditing that I referred to, the financial and compliance.

Mr. Davison: I take it then that at the end of the year or whatever period you work on, your office takes a look at the work of the public accountant and makes sure that they've done their job.

Mr. Scott: That is correct.

Mr. Davison: If this problem comes to your level three or four or six months down the road, will you turn your attention to it?

Mr. Scott: Definitely.

Mr. Makarchuk: Is the Workmen's Compensation Board audited by a private firm?

Mr. Scott: That is correct. Under our direction.

Mr. Makarchuk: That's one of the things we haven't dealt with in the public accounts. We weren't aware of that.

Interjection.

Mr. Makarchuk: I thought we were talking about section 9 of the Audit Act.

Mr. Scott: Section 9 for the agencies of the Crown and Crown-controlled corporations?

Mr. Makarchuk: Right.

Mr. Scott: As I mentioned, and we've mentioned it every year in our report to the Legislature, the Workmen's Compensation Board Act was the first Act amended in which it brought an agency under our control. The section of the Act still gives the board the right to appoint a firm from the private sector, but if they do they work under our direction and report to us, not to the board. We have access to the audit programs and we can direct the auditors to look into a specific area that we are concerned about. Upon completion of the audit, we have access to their working papers. Mr. Leishman, our director of Crown agency audits, spends the better part of a week at the Workmen's Compensation Board, going over their working papers and reviewing them and then discussing the findings and the recommendations with the Workmen's Compensation Board.

Mr. Makarchuk: What is of concern—and this of course was hashed over when we were discussing the Audit Act—is the fact that you have a private firm that may not necessarily be that acquainted with government legislation. From what Mr. Davison has said the fact comes up that legislation was passed that permitted the board to do certain things. In this case, the fact that they paid out too much to my mind would be one of the more beneficial aspects. From all the arguments I have the fact is they are—

Mr. Reid: Not paying enough.

Mr. Makarchuk: Perhaps it's one of those mistakes that is a blessing in disguise. However, it's a mistake and we should not operate on the basis of making mistakes.

The fact is that a private firm may not be well acquainted with what the legislation says or what the intent of the legislation is. The money may be paid out and as far as the firm itself is concerned, all they have to do is check the vouchers to see if somebody has received the money and the cheques were cashed by somebody who is a member of the Workmen's Compensation Board, a bona fide recipient, and in effect they have done their job. Our concern is that the board really erred and it wasn't caught on to until the damage was done. In this case it was a beneficial form of damage, if there is such a thing.

This gets back to the arguments we had when we were discussing the various sections of the Audit Act. Would it not be more effective if the Auditor is closer to the government, is part of the government, but in a sense, is an independent group—we hope you will remain independent—within the government and is better acquainted with what the legislation is about, and what its intent is? Then perhaps you may catch these things before they happen.

I think a similar situation is the legendary first-time home buyers grant. Again, the same situation developed. The legislation was there; it said certain people should get the money. But when payments were made and somebody looked at it, they found out that everybody who put in an application was getting the money. It was handled by a grade 12 student who sort of said, "Yes, there was a deed of sale, there was this and that, and therefore thou shalt get the money."

I would like to hear your comments on these things. What is your opinion? What it boils down to is my ultimate concern. I get criticism from people who say you so-and-sos down here are wasting our money. I am not the only one, every member in the

House gets this. I want to say to them afterwards, "Look, you so-and-so, we've got an Auditor, a very competent person who is concerned about how the money is spent. This guy looks into it and what you are saying is a lot of male cattle droppings," if I can use that term.

Mr. Reid: I think that's rather sexist. It may be female.

Mr. Chairman: We won't argue about that. Would you like to respond, Mr. Scott, and then we'll carry on with Mr. Davison.

Mr. Reid: Who's forgotten his question by this time.

Mr. Davison: I've jotted it down, it's okay.

Mr. Chairman: We're not running a tight ship tonight, because I think we have lots of time. But in any event, go ahead, Mr. Scott.

Mr. Scott: In response to Mr. Makarchuk, I would like to assure him that when the practising firms do a financial and compliance audit, they will certainly be testing the awards made by the Workmen's Compensation to see that they do comply.

When you look at any post-audit you have to realize that it is a test. It's not a 100 per cent review of all the payments made. An auditor will only test the transactions in a certain period within his audit year. He then determines the volume of errors in that test period. If he finds there is a substantial number of errors, he'll increase his test period. If he finds the errors are very, very few he will accept that as his test period.

This reverts to the question that was asked at the public accounts committee on the word "fairly." I think Mr. Reid brought up a question to the statement that the financial statements present "fairly." It was explained at that time by Mr. Reilly that this is an expression of opinion and doesn't ensure there are no mistakes within the financial statements. In order to ensure that you would have to do 100 per cent tests of every transaction and the cost would be prohibitive.

If we were to try to eliminate the situations where there is a misinterpretation of a regulation or a statute and catch it before it gets out, we're back into the old pre-audit days and we found that a very impracticable situation to be in. That was the reason that we changed to a post-audit.

There is also the situation where larger ministries, Crown corporations and agencies all have an internal audit that's on the job every day. If they are testing these transactions they should come up with any non-compliance with the Act and regulations. But I

can assure you, we will be looking at that situation during our audit of the Workmen's Compensation Board.

Mr. Davison: What firm performs this function for the Compensation Board?

Mr. Scott: Winspear Higgins. They are down on Toronto Street, I believe in Toronto.

Mr. Davison: That is quite interesting. I didn't know they had one.

It strikes me that one of the first things you have to do in an audit, be it pre-audit or post-audit, is say to whoever the chaps are who are spending the money, "Do you have legislative authority for this expenditure? If so, let's see it. If not, why are you spending it?" Therefore, I can understand cases that are very borderline, but I don't understand how we should be able to make too big an error, over too long a period of time, without catching it.

Surely with every single expenditure, it is our job as legislators, your job as the Auditor, and the job of these other gentlemen who are hired, to ask the question, "Where is your legislative authority?" That seems to be the exact problem with the board, nobody ever asked, "Where is the legislative authority for making these kinds of payments?" And legislation is on the books that is very very strict about that—like the Audit Act, for example—Acts that don't allow government to make ex-gratia payments, that insist that government come up with legislative authority.

What do we do when we catch one of these private accountants mucking up? When they make an error? When they don't catch an error? I trust we strike them from the list of people who can be hired to do this kind of work. I would not like to see somebody else turn around and hire the accountants that let the Compensation Board mispend \$300,000 or whatever the amount is. Do you keep a list of accountants that you recommend to agencies like the board or will you you keep a list?

Mr. Scott: We do not keep a list of accountants nor do we have any authority to appoint the accountants. The firm of accountants that would be appointed is strictly at the prerogative of the board. Once they are appointed, they work under our direction and report to us.

Mr. Davison: So if as the Provincial Auditor you caught one of these guys, although you would not have any power to say, "Okay, you are not going to be doing this

work any more," I take it you would watch them with a more careful eye in the future?

Mr. Scott: I think if there was a problem we would certainly discuss it with the board. That would be discussed with the board, but you must remember that you are dealing with a post-audit and it's only a test basis. There could be a non-compliance arise in an area or in a period which was not within the test period. So I don't think you can blame the firm doing the audit, but certainly the question would be asked. "Where was the internal audit?" That is where the problem arises.

Mr. Davison: The question could be more properly asked, "Where is the Workmen's Compensation Board?" But you don't do that.

Mr. Scott: Because the internal auditors are there every day of the week. They should be testing the system constantly and testing far more transactions than the external auditor is doing. Our big question would be, where was the internal audit at the time?

Mr. Reid: And that would show up, generally speaking, in your report, if it was really a serious problem.

Mr. Scott: That is correct.

Mr. Davison: The other aspect of the whole matter that disturbed me was the question of legal expertise available to the Provincial Auditor. Do any members of your staff have a legal background?

Mr. Scott: No, Mr. Chairman. We have no legal staff. If we require any legal opinions we get them from the Attorney General.

Mr. Davison: I could have answered my own question. I looked at the salary ranges and could find nothing approaching a lawyer's salary.

Mr. Reid: Or even a member's salary.

Mr. Davison: I find many in excess of a member's salary.

You do have very direct access, I take it, to the Attorney General's department and a good working relationship when you're in need of a legal opinion?

Mr. Scott: Oh yes. If we're in need of a legal opinion we can either obtain it by sending down a written request or a telephone request.

Mr. Davison: That has to make us think twice about the wisdom of a private accountant who, I take it, doesn't have that kind of access to, or relationship that your office has developed with the Attorney General's department. Therefore he would be a bit out in left field on those matters.

Mr. Scott: If there's any legal connection

or legal opinion required, and an outside firm is working under our direction, we'll certainly obtain that from the Attorney General's office. The Attorney General may be reluctant, shall I say, to give a legal opinion to an outside firm upon the request of that firm. But if the firm is working under our direction and they put the request through my office, then the Attorney General would not hesitate to give a legal opinion to my office. But they would possibly be infringing on the rights of outside lawyers if they started to give legal opinions to other than the government.

Mr. Davison: I can understand that.

When we hire a private accountant or when a board hires a private accountant, perhaps I don't perceive the relationship exactly as it is. I thought that subject to review by your office, or specific direction from your office, they pretty well worked on their own. It wasn't a case of your office being in contact with them on a weekly basis or a monthly basis and saying, "Hello guys. How's it going? Can we be of any assistance?" Rather, they're running their own show and you review it annually. It wouldn't strike me as the kind of relationship where they would be calling you up on the phone and saying, "We're not too sure about this, whether or not the board's complying with section 41a. Can you have a chat with the Attorney General about it?" I didn't quite perceive it as being that kind of relationship.

Mr. Scott: Mr. Chairman, we have constant dialogue with the outside auditor and, as I mentioned, access to their audit program, their working papers. If there's any specific area that we wish them to look into, then the director of Crown agency audits would be in touch with the Auditor or the partner of the firm that is responsible for the audit, requesting that they look into this specific area.

Mr. Davison: Finally, on the matter of the Compensation Board and the outside auditors; has this been a topic of discussion between you and previous estimates committees, or between you and public accounts, or between you and anybody else? Could I find on the public record this question having been raised before, or is this a new problem?

[8:45]

Mr. Scott: Mr. Chairman, I don't know what we mean by a new problem. We certainly have discussed, shall I say, the relationship of my office with outside accounting firms. It got considerable discussion in the clause by clause review of Bill 43. Bill 43 now broadens our scope in that we have this direction of all agencies of the Crown,

whereas previously there were a considerable number of agencies of the Crown that were not under our direction. Furthermore, it also makes it mandatory that the auditors of Crown-controlled corporations will furnish us with the audited financial statements and the management letter. If we're not satisfied, we can request additional information, and if we're still not satisfied, we have the right to go into that Crown-controlled corporation and do a review of our own. So we will have very broad powers when this new Bill 43 becomes law.

Mr. Davison: I take it that prior to whenever the last round of amendments took place in the various Acts, the Compensation Board ran its own internal audit; then at its whim, or not at its whim, had an accountant come and take a look at it?

Mr. Scott: They always had an annual audit.

Mr. Davison: By an outsider?

Mr. Scott: By an outside accounting firm, but it was not until 1974 that we had the direction and the responsibility for that audit.

Mr. Davison: Finally, you didn't perceive any greater problem with the board than you did with any other quasi-government operation of that size?

Mr. Scott: No. We have had full co-operation from the board.

Mr. Davison: You haven't found them to be more inclined to make errors than anybody else?

Mr. Scott: No. Not to my knowledge.

Mr. Davison: Thank you very much. I have nothing further on that question.

Mr. Makarchuk: They all make mistakes.

Mr. Reid: I'd just like to put on the record a couple of things. One is a reply to Mr. Mancini's question about individual members being able to phone up the Auditor. We've been through this, as the Auditor suggested, a number of times, and it would be impossible for the Auditor's staff to be at the whim of somebody phoning up trying to track something down, or chase a rumour around to prove that, in fact, something had been done wrong. The Auditor mentioned that there was the question period, the order paper, and of course the public accounts committee. There are also the estimates of the various ministries themselves in which you can deal with that. I sense a great misunderstanding in the role of accountants and auditors on behalf of some members of this committee and certainly on public accounts committee. I gather that some of the members would

like the Auditor or the public accountants to stop a mistake before it happens. I think it's got to be made perfectly clear that the action has to take place, or the mistake has to be made first, before anybody can find out there has been a mistake. There is no way in the world that the Auditor or any accountant can say: "You made a mistake," before in fact you do it.

There was an attempt with the pre-audit to try to get at it that way, but that was the worst of all possible worlds. In the pre-audit, what the Auditor was doing was saying, "Yes, you have legislative authority," and "Yes, you have an invoice," and "Go ahead." This didn't mean what happened after that had been done correctly. There is a feeling on behalf of some of us that these mistakes shouldn't in fact take place at all.

There's another misconception that arises because of the ignorance of most of us on the role of accountants and auditors. I've found in private business, much to my horror, that accountants are not pluperfect or perfect.

Mr. B. Newman: Not infallible.

Mr. Davison: You're kidding.

Mr. Reid: Not infallible. In fact they are not going to turn up every mistake and every error that in fact is made, particularly when you're dealing with millions and billions of dollars and in the case of workmen's compensation, for instance, hundreds and thousands of different payments. There's no way that those things can be audited at all. What concerns me is not the office of the auditor or the public accountants or accountants who are doing the audits, but what the Provincial Auditor stated in relation to Mr. Davison—that is, the internal audit that is going on within these ministries or in fact that isn't going on.

I recall from my days as chairman of public accounts a few years ago, when we got into the Ontario Northland situation, it seemed to me that the internal audits there should have been much more effective and in fact caught most of those things that turned up in front of public accounts. Now we hear from Mr. Davison that in fact overpayments have been made. I sympathize with Mr. Makarchuk because I seem to spend 90 per cent of my time trying to make sure they make payments, period, let alone overpayments. I must say in 10 years I have yet to see an overpayment.

Mr. Davison: Nobody seems to know that they have done it.

Mr. Reid: It really is disturbing that the internal audits are not in fact turning up

some of these things. That may be something that the Auditor wishes to put in next year's report. I would like to put one other thing on the record. I would like to ask the Auditor in relation to the independence of the Provincial Auditor and his staff. We have a budget here for this fiscal year of 1977-78 of \$2,007,000. I am glad to see that the Auditor practises what he is trying to impose on other people by way of economy. The main focus, that of the Auditor being independent, is the fact that his budget, and therefore his staff, is not controlled by the Lieutenant Governor in Council or the cabinet, or whoever we want to call them.

The Auditor has stated before public accounts that he has never been refused money or staff to carry out his function. Under the new Act, of course, the estimates of the Auditor will be handled again by the Board of Internal Economy. In this respect the Auditor does have independence, so that his function and his requirements for looking into these matters will not be circumscribed by the government of the day.

We touched very briefly on this during discussion of the bill, but I would think that under the terms of the new Audit Act, the Auditor is going to require substantial additional staff to carry out the new provisions of economy and efficiency which have not been part of the Audit Act in Ontario, or anywhere in Canada, before this. Has the Auditor a comment to make. Is he going to join the bandwagon of other ministries, so that we will be receiving supplementary estimates within a short time?

Mr. Scott: If I may respond to Mr. Reid. I would like to put it on the record that the estimates that you have before you currently for 1977-78 did not go through Management Board of Cabinet but were reviewed by the Board of Internal Economy. This was a motion passed, I believe, by the Assembly last June whereby a motion in the House put our estimates before the Board of Internal Economy and we have now incorporated that into legislation.

Mr. Reid mentioned that this would be the last time this committee would have a crack at the Auditor. I would like to state that each year this committee will have a crack at the Auditor because even though my estimates are going to be reviewed by the Board of Internal Economy before being incorporated in the budget, I will still have to appear before you gentlemen here and justify my estimates before the committee. I think Mr. Reid will have a crack at me for many years to come, I hope.

Mr. Reid: I hope so.

Mr. Makarchuk: It's not so much that you hope so; Mr. Reid certainly does.

Mr. Reid: I don't know about that crack. I hope I am still here.

Mr. Scott: However, getting to the second question from Mr. Reid in connection with staff. As I have mentioned on several occasions, with the new broad Audit Act, new responsibilities and duties, once again I will use the expression that we are sort of sailing in uncharted waters. I wouldn't want to make any prediction as to staff or expertise to be required. We have to look at the programs, how we are going to operate, how we are going to function, and what's necessary in order to carry out the three Es of auditing.

However, I would put on record, and I am sure I will get it, that I would like the support of the chairman of the public accounts committee if at some time in the future, I have to go before the Board of Internal Economy for additional funds. Under the new Act, the chairman and vice-chairman of the public accounts committee will be given notice whenever any estimates of mine are before the Board of Internal Economy and they can be present during the discussion of those estimates.

Mr. Makarchuk: One of the things I would like to draw the Auditor's attention to is a list of "horror stories" as the Globe and Mail calls them—a list of spending or misspending by the federal government. As responsible members, and I hope we all feel we are responsible members, we have put a trust in you that we would not be blessed with a similar kind of list, enumerating the sins of provincial government misspending. Admittedly, with the post-audit procedure it's difficult to be able to foresee what sins will be committed; then, too late, you recognize sins have been committed. The money has been spent, somewhere, somehow. I caution you that, should we face that kind of situation we will crawl all over you.

Hopefully in Ontario we will not have to go back to our constituents and try to explain why we allowed the government to spend funds stupidly. I realize it's a serious responsibility and I don't think you will in any way neglect or underestimate the responsibility here. Then again, there's the horror story of the Workmen's Compensation Board situation. Each and every member does not want to see any kind of indication that the government—we—have misspent money.

We can understandably embark on a program that may be indefensible or may not do what is was intended to do. That's something we will deal with in the political

arena. But when it comes down to an ordinary waste of money—giving away money or spending money that you shouldn't be spending—most of us get a little uptight. Then, of course, we'll be looking for somebody to jump on. You, fortunately or unfortunately, are that person. We are very fortunate in having you as the Auditor. That is about all I have to say on that, sir.

Mr. Reid: I don't know if the Auditor wants to respond to this, but this is something I've had a problem with for some time myself. Let's take an example that public accounts has dealt with off and on for at least five years—Minaki Lodge.

It has been the conclusion of the public accounts all-party committee over the years that Minaki Lodge was a white elephant. We put in our report that money was wasted and so on and so forth.

I don't think it was the function of the Provincial Auditor to say, "You made a boo-boo on Minaki Lodge and you spent a lot of money that you shouldn't have." I think it is the Auditor's function to point out that money was expended not in relation to the legislative authority that the government had, but that there were overpayments, or that tendering wasn't done or that perhaps value was not received for the money that was expended. Under the provisions of the new Act, the Auditor is going to have vastly expanded powers to do a lot of what Mr. Makarchuk is talking about, which most of us would like to see. But I don't think we can realistically expect the Auditor to say, "Your OHIP program or your Ontario Home Renewal Program is wrong and we really botched that up." That's our function as members of the Legislature.

[9:00]

I think, under economy and efficiency, if the Auditor was, for instance, to go back to Minaki and see that \$8.8 million has been expended and there's nothing that can be opened or used, maybe now, he is in a position to say, "We feel this money was poorly spent and there were some foulups in the engineering plans, or by the architects or whatever." I still think he can go only so far in saying that.

It's our function as members to take the report of the Auditor—believe me, there's a lot of meat in there if you want to go into it—and say, "All right, what the hell was the Auditor talking about when he said, we're going to deal with old Fort William where there was an overexpenditure?" Our job is to take it from there, having had the direction pointed out to us by the Provincial Auditor.

I think, from what little knowledge I have of the other Audit Acts in the provinces and in the federal government, we've given our Auditor the widest possible powers and latitude to do this job for us.

I suppose the example that comes to mind when you talk about the federal Auditor General is the Bonaventure. You'll recall there was a great squabble over that because the government of the day felt the Auditor General overstepped his bounds in criticisms he made. He was right in saying there was a lot of money wasted because they didn't get value for the money they spent. But the decision to refit the Bonaventure was a government decision. That should not be questioned by the Auditor. So there is a very fine line, and it is a matter of common sense of the Auditor, in whom I have great faith, to make those decisions.

Mr. Davison: I'm concerned about the question of the estimates of the Provincial Auditor and therefore the independence of the Provincial Auditor. When a ministry comes up with its estimates the normal procedure is to have them go through Management Board where they are, for lack of a better word, vetted, sent out for printing, then to a committee of the House, and finally back to the House for approval. I take it that was the normal procedure for the Provincial Auditor's estimates until some short time ago?

Mr. Scott: That is correct.

Mr. Davison: Then the procedure became, as I understand it, very similar to the current procedure for the Ombudsman.

Mr. Reid: Oh, please don't.

Mr. Davison: The estimates go to some kind of expanded Board of Internal Economy, expanded only in terms of voice not vote; then through the normal route to an estimates committee and back to the House for approval, et cetera. Is that right?

Mr. Scott: That is correct. Up until a year ago, dealing with 1977-78 estimates, we had to submit our estimates through the Management Board of Cabinet because that was the only source for us to go to.

In June 1976 the House passed a motion putting our estimates before the Board of Internal Economy so the 1977-78 estimates that you are reviewing this evening were presented to the Board of Internal Economy, passed by the Board of Internal Economy and then recommended to the Treasurer (Mr. McKeough) to be included in his budget. Then the House has directed that my estimates come before this committee.

For the past four years, my estimates have been reviewed by a committee of the House rather than by the committee of supply in the whole House because I would be precluded from speaking on behalf of my estimates and a minister of the Crown would then have to speak on my behalf. So, from around 1973 we have had our estimates dealt with strictly by a committee, so that I could speak on behalf of my own estimates.

Mr. Davison: This expanded Board of Internal Economy: was I correct when I said that the chairman and the vice-chairman of the public accounts committee, while they will be invited to the ceremony, will be there only in a ceremonial sense. They will have voice but they won't have a vote—is that your understanding of it?

Mr. Scott: I can't rule on that. I think the Speaker would have to rule on that, the chairman of the board. I can't answer for the Speaker.

Mr. Davison: Let the record show that the chairman of public accounts is shaking his head.

Mr. Reid: Well, it is my understanding—though I'm not the expert on it—that the chairman and the vice-chairman will go to the Board of Internal Economy but not have a vote on it. I think the provision was put in the Act and we amended it to this extent so that if the Board of Internal Economy tried to cut down the estimates of the Auditor, the public accounts committee would be aware of it and be able to raise it in public accounts committee and focus public attention on the fact that the estimates had been cut down. So it is a method of maintaining and strengthening the independence of the Auditor without having him put in the position of having to say, "I can't do my job because you won't give me the money."

Mr. Davison: The reality of the situation is that the Board of Internal Economy has the House leaders and some small number of cabinet ministers on it, so that any vote that takes place in the Board of Internal Economy takes place in a body dominated by the government of the day. As it can be seen to some degree in terms of the bottom line of the Management Board, so to some extent the transfer of the vetting process from Management Board to the Board of Internal Economy is window dressing. There is no real political change in who is going to have the say because estimates committees don't change amounts of money except some of the ministers' salaries.

In the final analysis I don't think th

new procedure really gives you any more independence and I wonder if the battle for further independence for the Provincial Auditor has really been won, or if it is not perhaps just a step in the right direction. That is not a call for any comment from you, but simply for the public record I wonder if perhaps members of the House should be looking again at the question of who holds the purse strings of the Provincial Auditor. How far have we gone in taking that out of the government's hands?

Mr. Chairman: Does Mr. Reid want to make a comment on that?

Mr. Reid: I would like to keep the record straight and reply to that if I may. There are a number of questions involved. First of all, as the Auditor has pointed out, the Auditor's estimates do not have to go through Management Board of Cabinet, in which case none of the people in the opposition, or the public at large, would have any idea of, first, what the Auditor asked for, and second, if he was cut back and what he was cut back to.

Certainly the Auditor would be in an invidious position if he had to step outside the Management Board and say, "Those jokers just cut me down by a million dollars and I can't do my job any more." There would only be one option left open to the Auditor, which would be to resign. The other thing is that by bypassing the normal procedures for the approval of the budget and going to the Board of Internal Economy—I am not entirely happy with that procedure—there is one member each from the opposition parties on that. The chairman and vice-chairman of public accounts, who will be two members of the opposition, are there to make their views known and also there to be able to carry word back to the public accounts committee or to the media or to the public if that Board of Internal Economy tries to circumscribe the Auditor by cutting down his budget. The other option of providing funds to the Auditor was for the Auditor's budget to come before the public accounts committee. The problem with that is, and this is a problem that is somewhat in the air and not entirely resolved, that the budget may very well have to be passed before there is a public accounts committee. We might be between legislative sessions, or we might be after an election, or there might be any number of problems, in which there would be no body available to give approval to the budget of the Auditor.

If you didn't do it this way there would

be no funds available to the Auditor at all, unless you reverted back to cabinet order or special warrant or Management Board order, which is exactly what we were trying to avoid in the first place. While I would agree to some extent that it is not the best of all possible worlds, I think the mechanism is there and that the independence of the Auditor is as guaranteed as it can be under the circumstances.

Mr. Davison: I agree with Mr. Reid that it is a question of degree as to how much is window dressing, how much is substance and how large this step is that we have taken. The point is, it is only a step and I don't think we can rest on our laurels and say we have completely released from the shackles the Provincial Auditor.

Mr. Makarchuk: Just on this point, Mr. Chairman. I think in all these things the Auditor is as good as we allow him to be. I think what we have done through the Audit Act and the committee on the estimates is to create a mechanism where the opposition has an opportunity to squawk like hell to the public and to the media. It is open to them to be present when the decisions are made, to know what decisions have been made, and if they feel that the decisions are not right then they can go out afterwards and squawk and tell the public that this is exactly what the government is trying to do. I think the Auditor's strength, the wherewithall that he requires to do what he has to do, depends to a great extent on how well he is backed up by the opposition members, if at any time there is any effort on the part of the government to clip his wings. That is the way I see it right now.

Mr. Davison: Forgive me if I over-stress the case for lack of government control over the Provincial Auditor, but for \$2 million or \$1.956 million in terms of the money the government of Ontario spends, I defy anybody to find \$2 million better spent. If, by loosening control over the purse strings, we allow the Auditor to spend an extra \$250,000, people will have to forgive me but I think it is money much better spent than some of the other expenditures of government.

An interesting question is raised in "Who audits the Provincial Auditor?" Perhaps you could explain to us the process, if there is a process.

Mr. Scott: Mr. Chairman, in 1971 when the Audit Act was amended, provision was made for the accounts or the disbursements by my office to be audited by an independent auditor. The first three years were aud-

ited by G. H. Ward and Partners. Currently the provision is being made for an auditor to do the prior two years, up to March 31, 1977. This has to be done by an appointment through an order in council. The new Audit Act will once again take it away from the Lieutenant Governor in Council and put it under the authority of the Board of Internal Economy.

For the appointment of that auditor, I take no responsibility. I give no direction as to who will audit my disbursements. Mr. George McIntyre from the Ministry of Treasury, who is currently the president of the Ontario Institute of Chartered Accountants, is in the process now of receiving proposals from auditing firms, and from the submission of those proposals, he will make a recommendation to the Lieutenant Governor in Council for the auditing of my accounts for the past two fiscal periods.

[9:15]

The reason we don't do it on an annual basis is that, as you can see from the estimates, 99 per cent of my expenditures go in salaries, and we conform to the civil service scale of salaries, so that auditors on my staff are not being paid more than chief accountants or the heads of internal audit within the ministries. Therefore, there is very little in other moneys to be spent. A firm of public accountants did come in a year ago and make an audit for the three-year period, and advised that it would be ridiculous to have an annual audit under the circumstances. So we are prepared to have an audit every two years, and there will be one conducted very shortly.

Mr. Davison: I take it when you use the phrase "Board of Internal Economy" in the sense of what's going to be happening, you're talking about the expanded Board of Internal Economy again, are you, with the representatives of the public accounts committee?

Mr. Scott: I would assume that they would be entitled to be present, yes.

Mr. Davison: Who then had, under the old system, and who will have under the new system, the client status, or will there be a dual client status? Will the public accountants report to you or the board or do they report to the Lieutenant Governor? Who has that client status?

Mr. Scott: Under the new Act the auditors will report to the Board of Internal Economy and the Speaker will then table their report in the Legislature. Under the existing Act, the auditors report to the Lieutenant Gov-

ernor in Council. There's no requirement for that report to be tabled in the Legislature, but I make it a point of tabling a copy with the public accounts committee.

Mr. Davison: I understand you meet once a year, if not more frequently and formally, with the other provincial auditors and with your federal counterpart. Is your position under the new Act or under the old Act more comparable to the other provincial auditors?

Mr. Scott: Mr. Chairman, if I may respond to that. Maybe I'm prejudiced, but I think under the new Act, we possibly have the most comprehensive Audit Act in existence. The federal government has a new Audit Act, Bill C-20, which was proclaimed, I believe, in August of this year. British Columbia had a new Act passed in July, I believe, of 1976. The province of Alberta is in the process, I believe their Act has now passed the House. I'm not too sure whether it has had third reading, but I think it has. All the other provinces are still operating under older legislation. I do believe, and will argue it with any provincial auditor or the Auditor General of Canada, that when we pass Bill 43, we will have the most comprehensive of Audit Acts currently in existence.

Mr. Davison: One final question which has to deal with two matters of your staffing in appendix D of the excellent presentation you've given to the committee. What is the entry under auditor's financial officer 3, which gives a salary range and talks about the staff requirements? You have a current staffing of 11 and seven vacancies. Could you explain that curiosity?

Mr. Scott: During the period of conversion from the pre-audit to the post-audit, there were a considerable number of staff retained who had a fair length of service. We have now gone into a more comprehensive training program. What we are currently doing as unqualified staff retire is replacing them with students in accounting, and as the students progress, we have anywhere from a minimum of two years to possibly a maximum of five years during the period when they are taking their course and before they get their designation as a professional accountant. We have that period of time to assess their capabilities and their performance.

As they graduate, if they have been performing well and academically will fit into our organization, we move them up, and you will eventually see that the seven vacancies will decrease and the number of students will decrease comparably. So we are moving them

up as they graduate rather than taking someone in off the street who has had no government experience. In other words we are training our own staff and developing our own staff.

Mr. Davison: I understand you have already covered most of this ground with the public accounts committee, and I'll refer to that discussion for greater enlightenment in my spare time.

Before I leave appendix D perhaps you could help me with the question of your salary. I was under the impression from the estimates book that it was a statutory allotment and this year would be \$51,000. I take it you actually are in some kind of salary range rather than a specific statutory amount.

Mr. Scott: The salary range of the Provincial Auditor was established a few years ago in the senior compensation plan, and currently is in category four. There are five categories. The current Audit Act, Bill 43, that is going through, will place the Auditor in category five, which is comparable to senior deputy ministers. In future, the Auditor will be paid a comparable salary with the senior deputy ministers within the service.

Mr. Davison: Finally, Mr. Chairman, if I could refer the Auditor to pages 69 and 70 of his report, tabled for the year ending March 31, 1976, he deals with the Ministry of Consumer and Commercial Relations in which I have a passing interest. He deals with the Liquor Licence Act, 1975, and the particular case of the expenditures in the name of the Liquor Licence Appeal Tribunal in which the Auditor refers to section 2, subsection 9 of the Liquor Licence Act, providing that "expenditures of the board shall, until the first day of April 1976, be paid out of the consolidated revenue fund." Did your staff just pick that wording out of the Act or do you recall at any point in time seeking an opinion from the Attorney General (Mr. McMurtry)?

Mr. Scott: Mr. Chairman, if I may. That is in quotes and is an exact quote out of the legislation. That is normal procedure when a bill is being put through the House during a fiscal period for which no provision has been made in the current estimates. It allows the body to pay its expenses out of the consolidated revenue fund. It is a statutory payment until March 31 of the following year, at which time the moneys must then be voted by the Legislature.

Mr. Davison: Possibly it is unfair because it is some time ago, but I take it what that means is that you didn't go to the Attorney

General and say, "What does this mean? We are not sure if that is what they are doing and we think perhaps the Liquor Licence Appeal Tribunal is operating without funds." You never did seek an opinion from the Attorney General's office?

Mr. Scott: Mr. Chairman, I don't think a legal opinion was required because the statutes are quite explicit, and to my way of thinking I don't think legal advice would be necessary.

Mr. Davison: The ministry did not agree with you though, because the ministry referred the matter first to its own internal legal staff and then to the legislative counsellors for the purposes of interpretation of section 2, subsection 9 of the Liquor Licence Act. Would that be an unfair assessment—in the last ministry?

Mr. Scott: In the last paragraph they state that "in future, expenditures for the tribunal shall be paid by the moneys appropriated by the Legislature".

Mr. Davison: I understand they ended up agreeing with you, but if you look at the first paragraph of the deputy minister's response he, before responding to you as to whether or not he would accept your recommendation—or I'm not sure what you've couched it in—before he wrote a letter to you, he referred it first to his own ministry's legal staff for an opinion, then to the legislative counsel. So he obviously thought there was some question of interpretation involved, but you've quite clearly said, and there is no need to question you further on it, that the Act itself was explicit and understandable.

Mr. Scott: I think if you go to the second paragraph, they say that after examination of the legislation they concluded: "The position you have taken that there is no apparent authority for the expenditure for the period March 31, 1970, is correct." So they agree with us that there was no authority.

Mr. Davison: That's right. Does it say at what time you brought the matter to his attention? He does not respond to you until July and I take it you had informed him of the problem prior to March 31?

Mr. Scott: I would not want to make that statement. I would have to look up the report on it. It doesn't indicate the date. It says on July 6, 1976, he responded.

Mr. Davison: Thank you very much.

Mr. Scott: You see, he was speaking here of the tribunal only. The Liquor Licence Act provided for the expenditures of the board but it did not provide for the expenditures of the tribunal and this is where the problem

came in. The board had the authority to pay its expenses until March 31 out of the Consolidated Revenue Fund but there is no provision in the legislation for the tribunal. So they set up the tribunal, paid the expenses and there were no funds voted by the Legislature nor a provision in the Act to pay the expenses, so, in effect, these were illegal expenses for approximately \$20,000.

Mr. Davison: Sir, I was just curious. Your opinion seems so clear to me as a non-lawyer and I wondered what the minister was doing

by eventually referring it to high-priced legal assistance.

Mr. Scott: I have no comment on that.

Mr. Davison: Thank you very much.

Vote 601 agreed to.

Mr. Chairman: This completes the estimates of the Office of the Provincial Auditor. The committee will now adjourn. We have no further work for tonight.

The committee adjourned at 9:29 p.m.

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 Newman, B. (Windsor-Walkerville L.)
 Reid, T. P. (Rainy River L.)

Office of the Provincial Auditor official taking part:
 Scott, F. N., Provincial Auditor



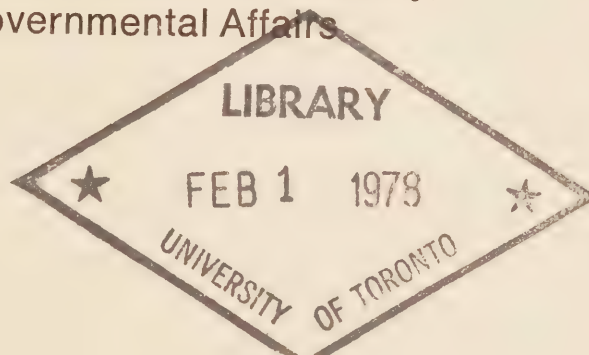
Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Office of the Lieutenant Governor,
Office of the Premier, and Cabinet Office

Supplementary estimates, Ministry of Treasury,
Economics and Intergovernmental Affairs



First Session, 31st Parliament

Tuesday, November 22, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, NOVEMBER 22, 1977

The committee met at 8:02 p.m.

ESTIMATES, OFFICE OF THE LIEUTENANT GOVERNOR

On vote 101, Office of the Lieutenant Governor program:

Hon. Mr. Davis: I have nothing to add to what are in the printed estimates for the Lieutenant Governor's office.

Mr. Chairman: Shall the Lieutenant Governor's vote carry?

Mr. MacDonald: Hold it. I don't want to breach protocol if the Liberals, as the official opposition by one vote, have something to say.

Mr. Breithaupt: It is something more than by just one seat in the House. It's also a matter of the popular vote. In any event, I presume it is an opportunity at least for us to comment on the operation of the Office of the Lieutenant Governor.

I think we are continually content with the operation of this office. Her Honour is able in a very personally involved way to deal with the difficulties of this task. The supportive services which the province provides, whereas the Lieutenant Governor's salary as such is provided by the federal authorities, are something which I think we are all able to support.

The involvement that Her Honour has had in travel within this province and in the entertainment and involvement with groups, even within this building, is something to be admired. I certainly am pleased to speak in favour of the passage of this estimate.

Mr. MacDonald: I would echo the sentiments of the hon. member who has just spoken. I think Her Honour performs her duties with grace, efficiency and sensitivity. Having said that, there's a question I want to ask. Last time we had a Liberal regime in this province, in the mood of 1930s restraint—something we have to live with these days—

Mr. Breithaupt: We're back to Chorley Park.

Mr. MacDonald:—it decided that Chorley Park should be eliminated. Therefore, the Lieutenant Governor was hived off in the northwest corner of this legislative building.

I would remind you that the Camp commission in its assessment of the needs of persons and activities which are directly related to the Legislature indicated we should move as quickly as possible to eliminate everything from the building that is not related to the Legislature, with the possible exception of the Premier's office. I assume there's some assumption he's related to the Legislature.

Included specifically in that was the recommendation that the Lieutenant Governor's suite should be cleared and that, presumably, an alternative residence should be provided in order that the 7,000 square feet of space which is now occupied by the Lieutenant Governor's suite might be made available to relieve the very great congestion in this area. My question is, is that under contemplation, and if so, when?

Hon. Mr. Davis: The suggestion really goes back to before the Camp commission. Others have suggested other accommodation, not just because of the possible need for space in this building but related to the position and the function of the Lieutenant Governor.

Mr. Breithaupt: The Sigmund Samuel House.

Hon. Mr. Davis: There would be some merit. The government's concern with that is not just one of policy. It's a question of finding proper accommodation and, secondly, in this period of restraint, determining whether it's the kind of priority that would be understood by members of the House.

From the tenor of your question, speaking just for yourself, I would assume you feel, even in this period of restraint by government, that consideration of an appropriate residence for the Lieutenant Governor, knowing the responsibilities of that position, would be at least worthwhile pursuing.

Mr. MacDonald: We have a conflict of priorities, it would appear. If you would have the former Speaker relate to you all the pain and anguish he went through in trying to resolve conflicts in dividing up the limited space in this building, I think he would confirm there is a pretty desperate need for providing space. I share the general concern

for restraining expenditures and having the right priorities, but how long do we proceed with the wrong priority of inadequate space to have the most effective operation of all those activities in relationship to the Legislature?

Mr. Breithaupt: I think there is an alternative, even in this circumstance. We do reflect historically upon the change of the development in Chorley Park and the involvement of the Lieutenant Governor in what were formerly the Speaker's quarters. Then we have the Speaker being moved to where the Sergeant at Arms used to be. His apartment, as I understand it, is something which had been the purview of the Sergeant at Arms in years gone by.

As we look at the operation of this building, we understand now that the Minister of Government Services (Mr. McCague) is working to the end that the policy secretariats are being considered to be moved so that additional space within the building would be more available to the members and to the operation of the Legislature as such. It may well be that the availability of that space in the next several months, and what I hope would be a commitment from the government that its long-term planning is for the availability of this building for the operation of the Legislature, may resolve some of these pressures.

It may indeed not be peculiarly necessary to put the Lieutenant Governor's operation and availability within this building, for reception and for other purposes, out of the building. On the other hand, it will be necessary in order to develop a greater use of space within this building for the purpose of the Legislature to consider not only this space, but the other spaces now occupied by the various secretariats. I understand, as I have said, that the Minister of Government Services is considering this point.

Mr. MacDonald: I thought it was definite for this summer.

Mr. Breithaupt: It could be in the next few months we will see a stronger acknowledgement, not only of the building being used for legislative purposes but of the paramountcy of the Speaker in more areas so that it is considered to be a legislative building with some exceptions, rather than a Government Services building with certain areas reserved for the Legislature. We may be able to resolve the problem in a different light. Yet the pressures which the member for York South (Mr. MacDonald) mentions as to the availability of space are things which surely

concern us generally, as individual members, in the operation of the building as such.

Hon. Mr. Davis: The only part that would have to be kept in mind as well is that the Lieutenant Governor does perform almost daily responsibilities for the legislative process. If a decision were made to find accommodation for the Lieutenant Governor physically somewhere else, it would have to be a location that would enable her, or whomever, to continue her day-to-day responsibilities, at the same time having the kind of accommodation where she can, with her many other responsibilities, function more effectively than she can here.

All of you have been through the receptions after the Throne Speech when the House is opened. I don't know where else one would do it. I can think also of a number of occasions where the Lieutenant Governor, as host for the province, for instance, has had to go to hotel facilities. I have no quarrel with that, except there are some occasions when it could be done in some other type of accommodation which might make sense.

I think we are really looking at two aspects. One is the broader responsibility in how the Lieutenant Governor could best perform that, also acknowledging that it would be helpful if that physical location were fairly close. That in itself creates a bit of a problem.

I think the rationale for this move would have to be twofold. I would look at it as a recognition of the position and the tradition, the status of the Lieutenant Governor in our system. I happen to be very supportive of that, as you know.

Mr. MacDonald: The member for Kitchener (Mr. Breithaupt) would have difficulty opposing it, with his antecedents.

Hon. Mr. Davis: Yes, he would.

Mr. Nixon: His antecedents got along quite well.

Mr. Breithaupt: Of course, in that aspect I share the Premier's concern that obviously some facilities within this building must always be maintained for the proper functioning of the office.

My difference with the member for York South is that, in looking at the operation of this building as such, I would hope that probably many of the concerns members have for the use of space and the development of the facilities available for members as members of the Legislature could otherwise be accomplished by, for example, moving the policy secretariats from the building.

It could well be, therefore, from my personal view, that that may indeed resolve many of the concerns, and, in fact, that the

maintenance of the necessary suite for the Lieutenant Governor to provide functions that are peculiar and must be attended to within the building, much less the matter of a residence, could be accomplished very nicely.

Mr. MacDonald: Mr. Chairman, I don't want to prolong this. May I ask just one question? As far as I'm concerned that resolves it for the moment.

Does the Premier accept the basic thrust of the Camp commission, that, if necessary, all available space in this building should be made available for legislative purposes; and, therefore, if the space now occupied by the three policy secretariats, which I understand is definitely being committed to be freed next summer, doesn't adequately meet that space, that you're willing to move towards implementing the Camp commission recommendation for alternative space, subject to having an office here, obviously, for Her Honour? Do you accept that basic approach?

I agree with the member for Kitchener that if we find that the space available in the three policy secretariats—I don't know how many square feet it is—relieves the crowding, I must say I would hope that would be the balance that we could nicely accomplish, but we'll have to see.

Hon. Mr. Davis: As long as consideration were given to the fact that the alternatives for the Lieutenant Governor would be of an appropriate kind—

Mr. MacDonald: Agreed.

Hon. Mr. Davis: I think if you say that you will have a room at the hotel over here or up there in place of—if you're talking about something—

Mr. Breithaupt: There must be facilities here.

Hon. Mr. Davis: I'm not suggesting a Government House like the one in Victoria; don't misunderstand me on that.

Mr. MacDonald: I think even little PEI has a Government House.

Hon. Mr. Davis: Yes, a lot of provinces do.

Mr. Nixon: All of them do except us.

Hon. Mr. Davis: I think so.

Mr. Breithaupt: Not since The Birdcage burned down in—

Mr. Nixon: In Quebec City?

Mr. Breithaupt: I was thinking of Victoria, but you're right.

Mr. Nixon: In Quebec City they have built two buildings since the war.

Mr. Breithaupt: It was the government building in Quebec City. I don't think that was replaced, was it? And, of course, with the unfortunate demise of the governor there—

[8:15]

Mr. Chairman: Shall the estimates of the office of the Lieutenant Governor carry?

Mr. Nixon: Excuse me, Mr. Chairman, I can't let the matter carry without expressing a personal view in this regard, since the discussion has been really associated with the possibility of a Government House. I feel that the Lieutenant Governor is well served with an apartment in these buildings. When it is necessary to have larger facilities on state occasions involving a large number of people, as during the visit of the Shah of Iran some years ago, we can use other public facilities near by. I would hate to think that the Premier would be thinking of that block of land the government owns to the east of Bay Street, for example. Do you know the property?

Hon. Mr. Davis: I would just make it very clear that the Premier—I am listening to the advice from some of your colleagues—is not thinking of a block of land here, there or anywhere else.

Mr. Nixon: No. But you did indicate quite clearly that you felt that if there were alternative facilities, they would have to be suitable and appropriate—no question about that—and certainly somewhat nearby, so that Her Honour's duties and responsibilities could be carried out conveniently. I happened to be in a place—I think it is called Stop 33—where you can look out the window at that property, which is wholly owned—

Hon. Mr. Davis: How do you get there?

Mr. Nixon: It is too bad you've been so busy lately. I get a chance to look at these things and contemplate.

Seeing that big chunk of property, it occurred to me it might be in the back of somebody's mind that some time there would be government buildings there. The buildings that are there are old and temporary, and the time will come in the somewhat near future when the government as landlord will have to do something about them.

There happens to be an old home there—I forget what it used to be called but it used to be associated with the Princess Margaret Hospital for out-patient services or something—which is quite a fine home; it's not a big one but it's a very fine example of older Toronto architecture. Otherwise, the whole block could be put to some suitable use. Probably

the most suitable use would be to tear the old buildings down and plant grass, but that's another matter.

I wanted to be sure that the Premier was aware of my view that I feel the Lieutenant Governor is very well served and I certainly would not be prepared to support any move to serious alternative accommodation. I know that will make shivers run up the Premier's spine, but I should at least express the view.

Hon. Mr. Davis: I am delighted to get these views, which are obviously not held unanimously.

Vote 101 agreed to.

ESTIMATES, OFFICE OF THE PREMIER

On vote 301, Office of the Premier program:

Mr. Breithaupt: It is a delight to comment on the general estimates of this office, particularly as we have obviously seen a change since earlier years of the predecessor of the Premier when the estimates were somewhat different, perhaps in the range of \$400,000. However, over the past half dozen years, these estimates have had an extra \$1 million added on to them. Fortunately, this year we see an increase which is somewhat more modest; we find a change in the range of somewhat less than \$100,000 over the operations as have developed over the last several years.

It may be that my colleagues have questions to ask with respect to the general operations, although I would presume that with the program description on page G20, "This program covers the operation and administration of the Premier's office and the functions supporting the Premier as head of government," it would appear that the necessary inflationary addition is more or less covered.

We cannot, of course, deal with the statutory item in the vote dealing with the Premier's salary. I presume that amount is considered to be satisfactory and possibly even sacrosanct.

Hon. Mr. Davis: I may want to speak at length to that.

Mr. Hall: How about eight per cent?

Mr. Breithaupt: We have, of course, dealt with supplementary estimates in a number of ministries, but more peculiarly we have dealt with a certain motion that has in effect passed the balance of the estimates by the granting of interim supply. As a result, I presume the Premier's salary is safe at least until March 31.

Mr. MacDonald: I have a couple of items I would like to raise.

I would be the last person in the world to

deny the Premier of the province of Ontario adequate staff to carry out the responsibilities of his office. However, I am a little intrigued as to why—and I would like the Premier's response to this—what was deemed to be efficient by his predecessor for the running of an office has now been doubled or even increased beyond that. It was \$400,000; now it is more than \$1 million.

Mr. Breithaupt: That's \$1 million ago.

Mr. MacDonald: At least he didn't run into a minority government problem—and he had a smaller office to accomplish it. I don't know whether that is an appropriate yardstick to measure it by.

Mr. Hall: The charter cost money to print.

Mr. MacDonald: I would be willing to concede one other point. I think in the Premier's office now, in contrast to what was the case in the instance of his predecessor, there are people whose responsibilities are more political than strictly related to the operation of the office.

I have been told, and I have read, that one DeGeer is really carrying on the functions he used to carry on when he was in the downtown office. Again, I don't really object to that.

Camp in one of his reports says, "Let's be realistic. An elected representative in Queen's Park is (a) a representative of his people and (b) a political animal. How you can separate what might be called pure service to the public and to his people and political responsibilities is really irrelevant, because the two of them are mixed up."

I don't object to the person being there, because normally the head of a party accepts his responsibilities as head of the party as well as the head of the government. But I am a little curious about the Premier's response as to why the Premier's office is so much larger than it used to be.

Specifically, I am curious about the reply to a question that was asked on July 11 of this year by the member for Kitchener with regard to employees in the Premier's office and in many other ministries. I was interested to note the response to the question, "How many contract employees are there in each ministry, and how many of those have been hired since May 1, 1977?" In that response it was indicated that in the Premier's office there were 30 people on April 30, 1977, who were presumably contract employees, and one month later there were 39.

Mr. Wildman: Tree planters.

Mr. MacDonald: Forgive my curiosity, but why would you have nine more people on contract during a month that happened to be the month of the election?

Mr. Ashe: That was the start of the month of the Blue Jays. Nine is the ball team.

Hon. Mr. Davis: Can I try to help as much as I can, Mr. Chairman? It goes back to some of our discussions of five or six years ago. The significant increase in the numbers in the Premier's office, which we have debated before, relates to the question of the reorganization of government, which some of you agree with and some don't.

Contained in the estimates of the Office of the Premier are a certain number of people who administratively still look after the payrolls and the many other things that are necessary to the policy field secretariats. There are a certain number of people and a certain cost related to that within the Premier's office which did not exist with my predecessor.

I think it is also true to say that I have endeavoured to define more clearly the responsibilities of the Premier's office than did my predecessor or his predecessor before him. To a certain extent there was a fair amount of work that was done by way of secondment—people who for periods of time were not on the complement of the Premier's office, but who were in other ministries. This was particularly true, I think, during Mr. Frost's period. I think there were a number of people who came in for short periods or personnel were used for the preparation of statements, speeches and so on, who may have come from Treasury and perhaps other ministries.

I felt it was wise, because we are talking about somebody somewhere doing this work, that it might as well be done to the extent that it is possible within the Office of the Premier; so whoever that person may be has the responsibility and the people who can help this function work appropriately.

To sum up, we have the reorganization of government and the fact that we have very few people who come into either the cabinet office or the Premier's office from other ministries for a period of time.

Mr. MacDonald: What in the reorganization of government, may I ask, brought more into the Premier's office?

Hon. Mr. Davis: The policy field secretariats. The staffing of the administration, payrolls et cetera.

Mr. MacDonald: They are in this figure?

Hon. Mr. Davis: Yes.

Dr. Stewart: The administrative unit in the Premier's office looks after all of those offices as well. They don't have their own administrative units.

Hon. Mr. Davis: This saved setting up a separate unit in each of the policy field secretariats to look after salaries, deductions and the whole bit. That work is being done within the Premier's office.

The other thing that has altered, and I think all of you have experienced it, is that the growing workload on private members, I sense, has been greater in the past five or six years than it was in the prior period of time. I think I am right in this. This has increased to the same extent, if not more so, in terms of our office's responsibility. I don't mean as it relates to the riding; I mean as it relates to the entire province.

I gave a figure last year, and I am told I was a little bit light, that our correspondence over the last five years has increased to an average of 80,000 pieces of mail.

Mr. MacDonald: Per year?

Hon. Mr. Davis: Per year. Back in 1970-71, say, my guess is it was around 7,000 or 8,000.

Mr. Nixon: The Premier used to read all the letters that came in. He used to tell us about them frequently.

Hon. Mr. Davis: There is a certain amount of duplication now, so I don't read them all.

Also the number of invitations, for one reason or another, is up substantially over the past. I guess it is a personal decision, but I think it is probable that I accept more invitations, which means an additional workload on staff.

The correspondence section in particular has been one of the primary areas of increase. From time to time when I am out, I tell people if they have a problem, or if we are in a question-and-answer period and if they haven't had their questions answered, "Here is my address." On occasion I give them my home address, which turns out to be a bit of a mistake as the mail automatically reflects that.

A lot of it has been in that particular area. But in terms of the numbers involved, I think you will find that it reflects partially the reorganization but partially it also reflects the fact that the numbers of requests for appointments or appearances at this, that or the other thing, have increased and probably so have the acceptances. We obviously get help from the other ministries in the preparation of answers. But we do answer an awful lot of the letters, even some of the form letters, with a personal letter in reply, which I think is good government. When I say good government, I think it gives the people some feeling that even

though we don't always agree, at least somebody is there listening to them.

Even with the creation of the office of the Ombudsman, I don't sense that any members have seen any lessening of their workload. I can assure you that the Ombudsman's office being created has not lessened the number of people who either write to me or want to see me, or who are anxious for us to solve a problem.

Mr. Hall: You are more available than he is too—on short notice.

Hon. Mr. Davis: I am tonight.

[8:30]

Mr. MacDonald: I appreciate that explanation. But specifically, what were the nine contract people who happened to come into your office?

Hon. Mr. Davis: I think you will find that out of the total of around 63 people in the Premier's office, about 15 of those are contract. At the time I replied, I think we could have had six or seven contract employees who were summer students. I'll check that out for you.

Mr. MacDonald: There were nine. In that one month.

Dr. Stewart: That has got to be an aberration. We have not been hiring a lot of extra contract people. It must be a reflection of the summer hiring program.

Hon. Mr. Davis: I think you'll find there were five or six students contained in that. When was the time in question? In June or July?

Mr. MacDonald: The dates were between April 30 and May 31. In other words, in the one month.

Dr. Stewart: It was the summer hiring program.

Mr. MacDonald: They were still in school at that time.

Hon. Mr. Davis: No, there were some university students there. I met a very distinguished young man today and I sensed that when he finished his course at Queen's University—like everybody else, he finishes at the end of April—he would be looking for summer employment on May 1.

Mr. MacDonald: I have a second question. Let me go back to the topic that was raised in the House this afternoon. Perhaps we can clarify it since we have a face-to-face confrontation or dialogue here tonight. I refer to your appointments committee which as I pointed out in the debate on the Leader of the Opposition's resolution on November 3, happens to be made up of your deputy

minister and the rest of the people, who are all very obvious political persons. Fine. But it certainly colours the activity.

I must correct one error. My informant was given one mistake in terms of personnel. I thought it was Ron McNeil, but it turns out to be Ray McNeil, Dr. Stewart's assistant, who was there "scribbling notes", according to Jonathan Manthorpe, and keeping a record of all the proceedings. I wondered why Ron would be there.

Am I correct when I say that the list of people I indicated—Dr. Stewart, Ray McNeil, Mr. DeGeer, Mr. Cronin, Mr. Westcott, Mr. Goodman, Mr. Kelly—represents a complete list of the personnel of that committee?

Hon. Mr. Davis: No. Over the past two or three years there have been perhaps one or two others, and one or two of those whose names you have read don't get to all of the meetings. That is a reasonably representative list; you have three public servants at least and on an average, I guess, three or four who are not public servants.

But, as you point out, there are two areas of appointments. There are the appointments that take place internally within the government—those that are, say, the prerogative of the Premier's office, his deputies et cetera. These are not handled other than by Dr. Stewart and myself and other senior people who govern.

The recommendations that come from this committee relate to appointments to various boards and commissions. It may come as a bit of a surprise to you that the names that are considered by this group include recommendations from some members across the House for people who they feel could do an adequate job.

Mr. MacDonald: There are always a few tokens in there.

Hon. Mr. Davis: No. You would be surprised. I would only guess at this—

Mr. Ashe: I have some names.

Hon. Mr. Davis: You will find this very hard to understand but for some jobs we really have some difficulty in getting people to accept them, because the chairmanship of certain organizations that will remain nameless pays nothing and requires a fair amount of time.

It is not a question of getting a list of Tories, although I think you would agree with me that on the basis of the popular vote, which the member for Kitchener Mr. Breithaupt referred to earlier, 44 per cent or 45 per cent, or in better days 48 per cent, would be representative of the public gen-

erally. So you would have at least that number.

Mr. MacDonald: Say that again.

Hon. Mr. Davis: I just meant by popular vote.

Mr. MacDonald: But in the last election 60 per cent of the popular vote was on the opposition side. Are you suggesting that these patronage appointments are 60 per cent opposition?

Hon. Mr. Davis: I am not suggesting that.

Mr. MacDonald: I couldn't quite tune in.

Hon. Mr. Davis: There was a time when we were about 46 to 48 per cent.

Mr. MacDonald: Let's deal with the reality. I was planning to speak on Mr. Smith's resolution on November 3. By strange coincidence I picked up the *Globe and Mail* that morning and on page 2, tucked down at the bottom, was a little story entitled, "Tory worker is appointed to Ontario Place." It reported: "Ontario Premier William Davis has appointed William McAleer, a prominent Conservative campaign worker, to the board of directors of Ontario Place. Mr. McAleer, an insurance executive and former president of the Toronto Junior Board of Trade, was tour director of the Conservatives' 1975 provincial campaign and director of special events in the last election campaign. He has also been involved in the federal Conservative Party."

Mr. Breithaupt: But that didn't count against him.

Mr. MacDonald: No. I haven't heard anybody deny a figure which was given to me—it was repeated by Jonathan Manthorpe, who maybe took it from my comments in the House—that there were 5,000 such appointments. Let's quit playing games on this for the moment. This is the new patronage network.

Hon. Mr. Davis: No. I don't want to be too argumentative, but I have to tell you that a large number of appointments to some of these boards and commissions—Ontario Place is an exception and there are others—provide for appointments by the various organizations that are represented.

I can go back to my days in the Ministry of Education where, when the teachers' federation had an appointment, it would go through and would be one of those numbers that are referred to. This would apply to a number of boards, agencies and commissions where the various groups have the responsibility for naming people. There just aren't 5,000 government appointments to be made.

With great respect to the author of that article, it just isn't so.

Mr. MacDonald: You mean there are 5,000 appointments but all of them aren't Tories?

Hon. Mr. Davis: No. All I am saying is that the government has no alternative. Listen, we just put through Ryerson's appointments the other day. By order in council—and this might show up in Jonathan's calculations—we appointed the six students and six faculty, or whatever the numbers were, who were elected by Ryerson. Under the legislation, we automatically make these appointments by order in council.

There are some universities where we appoint; they are Lieutenant Governor in Council appointees. But at Western, for instance, doesn't the county of Middlesex have an appointment? Doesn't the county nominate somebody as well as the alumni association et cetera? There is a goodly percentage of these that are appointed but over which the government has no control, other than that we are called upon to make the appointments.

Mr. Breithaupt: You are saying that a number of those are routine and not necessarily vetted on any other basis.

Hon. Mr. Davis: Yes. The other thing I should explain is that this committee, which Mr. Manthorpe has found so interesting and meetings of which I have never attended—

Mr. MacDonald: He just stole it from my comments in the House. I wish you'd read my speeches and you would be up to date on what is happening.

Hon. Mr. Davis: They probably would be more accurate than the column.

Mr. Breithaupt: It could have been soporific too.

Mr. Wildman: Guys over here are writing down names like hell.

Hon. Mr. Davis: But these are all checked with the ministries and they are all approved by cabinet. Some of the senior appointments, quite obviously, are referred to me before they go to cabinet.

Mr. MacDonald: Mr. Premier, you are very genial and very disarming, but John Bright once said back in the middle of the last century that the British Foreign Office was the outdoor relief department of the British aristocracy. This committee is the outdoor relief department for the Conservative Party.

Hon. Mr. Davis: I'll tell you what you should do. The best way to tackle this is—because you read about them all; they are all posted—on those occasions where you think

somebody without talent has been appointed, tell me.

Mr. Breithaupt: We haven't looked at cabinet appointments in that depth.

Hon. Mr. Davis: I am not talking about cabinet appointments, I am talking about appointments made by cabinet.

Mr. Hall: I would like to learn a little bit more about the functions of the office of the Premier. I suppose, in part, it is training for the eventual accension—

Hon. Mr. Davis: I certainly am going to report this.

Mr. Hall: Not on my personal behalf, but as part of the team.

Hon. Mr. Davis: Mr. Hall is a candidate for the ultimate leadership of the Liberal Party.

Mr. Hall: I want to set all those fears at rest right away.

Hon. Mr. Davis: I wasn't afraid of it.

Mr. Hall: I would like to understand the actual makeup of your staff. In these estimates we're used to seeing all sorts of numbers about staff, half-staff, complement by the hour and contract employees. I'd like you to outline some of the abilities of your staff, what they do, how many speech writers you have, how much is done on research, and this sort of thing. Perhaps you could just broaden my view as a newcomer as to what this staff does.

Hon. Mr. Davis: I'll try to tell you as much as I can. You know Dr. Stewart and I'm sure you understand his functions. He is assisted by Ray McNeil. I'm going through the list of senior people. Mr. Westcott, whose functions some of you know, has been involved in government for many years. They represent the three senior people in the Premier's office.

Most of you are familiar with the press secretary, Ms. Barnes, who is ably assisted by Mr. Devitt. I would just say—and I'm somewhat prejudiced in this—relative to the size of this government, compared to other operations we operate a fairly modest information office in terms of numbers, but not in terms of talent.

In terms of speeches, much to the disappointment of some members of my staff—because a number of people share this work—no one at this moment has the particular responsibility for drafting speeches. Over the past year or so we haven't used a lot of drafted speeches. We don't have anyone whose particular responsibility it is to write speeches.

Mr. Hall: You're not saying they're your own?

Hon. Mr. Davis: I find these days we are parting from the written text with some degree of regularity, which is frustrating both for my staff and for members of the press. I apologize to them, but I find it far more comfortable.

Mr. MacDonald: That's what Bill Newman said the other night.

Mr. Wildman: It's also frustrating for the audiences.

Hon. Mr. Davis: Then we have the correspondence section. There are a number of people in the correspondence section who deal with correspondence. Mr. Ferdinand, who's not here, has the particular responsibility—there are two people involved—of dealing with people who come to see me with problems. They come in every day in some numbers. Perhaps you've read about his activities. There was a very objective story written about his involvement. He really helps solve problems. These are just people who come in off the street and want to see the Premier. They want some help with a problem and we try to give them some help.

We have another section, administered basically by Miss Campbell, which is responsible for my scheduling. That may not seem like a large operation to you, but I assure you it is, and one of some complexity. One of the difficulties, which each of you face in your own riding but I face in 125, is finding a polite way to say, "No, the Premier can't be at this particular event."

Mr. Mancini: You come to my riding once a year.

Mr. Nixon: You've never invited me. I've been in your riding, but you haven't invited me.

Hon. Mr. Davis: That is Miss Campbell's particular responsibility. There are five or six people dealing with invitations.

Mr. Hall: Five or six people dealing with invitations?

Hon. Mr. Davis: Yes.

Mr. Foulds: Who addresses the Christmas cards?

Hon. Mr. Davis: The people in correspondence do. For about a month this is a fairly large undertaking. Then there is Mrs. Beatty. Those of you who haven't met Mrs. Beatty should. She has been with five Premiers. She started with George Drew, followed by Tom Kennedy, Mr. Frost, Mr. Robarts and myself. She is the chief administrator. She has with her those who look after payrolls, expenses et cetera.

Those would be the main groups and the principal people involved in them.

Mr. Shannon is involved in terms of some of Mr. MacKenzie's responsibilities: the liaison between myself and the government House leader, the planning of legislation, the day-by-day happenings in the House, making sure I have the appropriate excerpts from the papers in time to be ready for the question period every afternoon and so on. That's his responsibility.

[8:45]

Mr. Conway: Did anyone replace Hugh Segal?

Hon. Mr. Davis: No, Mr. Segal performed a unique responsibility. It is not easy to find a replacement for Mr. Segal.

Mr. Conway: But there isn't anyone per se doing that now?

Hon. Mr. Davis: Mr. McGreer is performing part of Mr. Segal's former responsibilities. But Mr. Segal did a number of things, and did them extremely well. I regret that he's gone.

Mr. Hall: Mr. Premier, as befits your office—and I don't mean to be at all facetious in this—do you require or have any security?

Hon. Mr. Davis: Yes, I don't talk about it much.

Mr. Hall: I don't want to talk about it either but—

Mr. Wildman: Let's not talk about it then.

Mr. Hall: Security is security, but the office deserves—

Hon. Mr. Davis: The office, as an office, has no more security than anyone else in the building; in terms of myself personally, yes.

Mr. MacDonald: As a matter of fact, all the security around this building emanates from an incident in the late 1950s, where some rather demented individual threw a rock through a window in the Premier's office.

Hon. Mr. Davis: Yes, and it has changed even since then. The office security is the same as for your office or for the whole building. But I also have personal security; it's kept to a minimum except on the odd occasion.

Mr. Hall: What about research? Do you turn to the ministries for research?

Hon. Mr. Davis: When I get an inquiry from somebody on a particular issue—if it's about general government policy we can usually deal with it—the correspondence section sends to the ministry for draft material.

We developed the policy very early in my period of responsibility of not asking for too many draft letters. We request the material and the people in the correspondence section, who I think do it relatively well, prepare answers from the material we get from the ministries. If we are not satisfied with that material, we go back to the ministry. Sometimes constructive ideas emerge from that material and find their way into government action.

Mr. Hall: Do you rely on the Ministry of the Attorney General for legal advice?

Hon. Mr. Davis: We have no legal advice within the Premier's office. We go totally to the chief law officer of the Crown.

Mr. MacDonald: You don't rely on your own opinions?

Hon. Mr. Davis: No, I do not. The first day I was in office I came to the conclusion that I would never make a legal judgement.

Mr. Conway: We must get the Attorney General to do likewise.

Mr. Hall: That gives me some better understanding. Thank you.

Hon. Mr. Davis: It's very hard to describe. I have a chart here; I can give it to you, but it doesn't mean very much, because Dr. Stewart—and I happen to be prejudiced; I think he's an excellent deputy minister—

Mr. Nixon: He certainly wrote a great thesis.

Hon. Mr. Davis: —he operates under some form of structure. It's the only way you can function.

I am not the most structured soul on earth and I frustrate people because if I have a list of appointments for the day and somebody wants to see me, I'll say, "Sure, fit them in some way or other." It is hard to explain to you what that does to the office in terms of telling other people to wait 15 minutes and having someone look after them for that period of time.

I'm not as structured as some in the way I run the office, as I say—and that's an understatement—but I find that's what people expect. If they don't expect it, I try to provide it anyway.

Mr. Hall: As chief of cabinet, would you say a cabinet decision is a final decision?

Hon. Mr. Davis: You had better refine that for me a little bit.

Mr. Hall: As you know, I am from the Niagara Peninsula. On February 17 there was a cabinet decision on the subject of urban area boundaries. There are many

cabinet decisions but, as a case in point, is that a final decision?

Hon. Mr. Davis: This discussion really should be in the estimates of the cabinet office, but I would say that a lot of cabinet decisions are final.

Mr. Hall: Notwithstanding the Ontario Municipal Board and so on and so forth?

Hon. Mr. Davis: I would say yes, to the extent that any decision is final. In this day and age anybody who suggests that you achieve finality on every issue is kidding himself. I'm not going to say that everything the cabinet decides is right, that we don't change our mind or that we're not subject to persuasion, even if we have made a decision somewhere down the line that that decision should not be varied or altered. You like to give it as much finality as you can because it's very time-consuming. But I can't tell you that every decision cabinet makes is final in the final sense of the word.

Mr. Hall: But you hope it is at the time you make it.

Hon. Mr. Davis: You sure do.

Mr. Hall: Thank you.

Mr. Wildman: Mr. Chairman, I have a couple of questions regarding trips overseas. During the Ministry of Industry and Tourism estimates we were talking about the cost and the number of staff who accompanied the minister on the trip to Japan and Hong Kong. The minister pointed out that the cost of the officials who were accompanying the Premier did not come out of his ministry's budget. On trips like the one to Japan and the one to Israel, where do the funds come from for your expenses and those of your staff who accompany you?

Hon. Mr. Davis: I'm not sure what page it is on in your book, but on page G21 of mine it's the item for transportation and communication.

Mr. Wildman: Under transportation and communication you've got \$84,000. Would that cover those kinds of trips overseas, as well as your trips around the province and in Canada?

Hon. Mr. Davis: That's right.

Mr. Wildman: Could you tell us how many staff accompanied you on your trip to Japan and what the cost was of that particular trip?

Hon. Mr. Davis: I can't tell you yet. I'd be delighted to get it for you. I can tell you what staff accompanied me: Ms. Barnes and Mr. Westcott. That's all.

Mr. Wildman: Was that all?

Hon. Mr. Davis: In spite of what I read on occasion, I don't travel with a large entourage.

Mr. Wildman: So if any other people travelled with them—spouses and so on—they would go at their own expense?

Hon. Mr. Davis: That is right. Ms. Barnes did not have her spouse, nor did Mr. Westcott have his spouse.

Mr. Wildman: Okay.

Hon. Mr. Davis: I just thought I'd tell you that.

Mr. Breithaupt: I don't know if you've told us more than we wanted to know.

Hon. Mr. Davis: Anybody who reads anything more into that remark is making a mistake.

Mr. Wildman: Then you can get the figure for the costs?

Hon. Mr. Davis: Yes. There were just the two staff members.

Mr. Wildman: What about the trip to Israel? What kind of entourage did you have on that trip?

Hon. Mr. Davis: You're taxing my memory, but I think it was Sally and Larry Steinman.

Mr. Nixon: Is that Ms. Barnes?

Hon. Mr. Davis: Ms. Barnes and Larry Steinman.

Mr. Wildman: I see. Can you give us some indication of what substantive policy initiatives, if any, have resulted from your trip to Japan? I'll discuss the other one after that.

Hon. Mr. Davis: I think the initiative really was the trip to Japan itself. I had been asked by some people in the business community here what sort of initiative the government of Ontario would take to help penetrate the Far East market. Obviously there had been some Canadian businessmen there for years, but a number of Japanese businessmen doing business here suggested it would be wise, and they thought helpful in the long term, for the government of the province to show some interest. It's hard to explain to people, but in some countries of the world, government and business take joint initiatives in terms of their trade relations with other countries.

Mr. Wildman: It's certainly true in Japan.

Hon. Mr. Davis: It is particularly true in Japan. Those who were interested in expanding the potential in Japan felt that it would be helpful if whatever group went there had some political presence, because part of the problem we have in some countries of the world is their lack of understanding of what Canada is.

I went to the meetings with the government people who, incidentally, were extremely co-operative; and while I have read some press reports which stated that the Japanese had rebuked us and so on, I have to tell you this: the Japanese are extremely polite people. The word "no" just isn't in their language. It's "yes, no." They couldn't have been more hospitable and friendly; at the same time they were very realistic in terms of their business approach.

I put on the table before them the fact that we didn't think we were getting fair treatment. For instance, I think we import from Japan something in the neighbourhood of \$700 million worth of goods—that's a rough figure—and we export around \$136 million. The Japanese government officials said, "Look, here is our Canada balance sheet." They bring out the Canadian figures, which, of course, show that we have a trade surplus with Japan in terms of the national figure. So you spend part of your time, which is not always easy to do through translation, in explaining to the government officials that while the Canadian figures show a positive balance, we in Ontario think we are a fairly important part of Canada, and the figures show \$700 million vis-à-vis \$136 million.

One of the problems of going on any of these trips is that you develop in the minds of some people—on occasion, the media—a level of expectation. I made it very clear before I left that I didn't expect to return from Japan with a signed contract for this, that or the other thing. But, if you wish to pursue it, you might speak to some of those from the private sector who went on that mission. They will tell you that they were more than satisfied with specifics in terms of results and will give a substantial measure of credit to the fact that the government was there and was seen to be participating and anxious to assist them in whatever activities they were trying to develop.

For too many years we have tended to rely totally on our traditional trading partners—primarily the United States—and in today's world climate we shouldn't neglect any potential market. I read about the Japanese being reluctant to invest in Canada and in Ontario; they refer basically to Canada in most of their observations. The truth of the matter—at least this is my assessment of it—is that they've got a tremendous trade balance, as you know, and they're not in a rush to invest in some other places, partially because they have a slight domestic market problem of their own. In other words, they've got unused capacity; I was told that they

estimated it was around 20 to 25 per cent in some of the major manufacturing sectors.

Mr. Wildman: Like ours?

Hon. Mr. Davis: It's very difficult for them to say, "Yes, we will commit ourselves to a major joint venture"—in whatever country, when they're sitting there with unused capacity. Interestingly, there were debates going on in the Japanese press while we were there about whether or not they were dumping steel in the United States; and the question of colour television came up.

I think I learned something else, though—and so did the Minister of Industry and Tourism (Mr. Bennett)—which I hope we can transmit to the manufacturing people of this province. It is that we face very stiff competition in some of these areas. Anybody who doesn't accept this fact is not being realistic.

These people are prepared to get into joint ventures. I related this in the House, and I wish some of you would go and see this one example of what I think can be accomplished—I can't give you the firm name, but it's out in Mississauga, just south of Highway 401. The plant uses basically Japanese technology and it is financed jointly by Japanese and Canadian interests, although it's under Canadian management and now almost totally is staffed by Canadian employees. The firm has moved into the ball bearing industry and is competing in the international marketplace, exporting ball bearings back to Japan. If you can do it in this one single area of technology, you can do it in others. But the incentive has to be there.

I hope that Mr. MacDonald won't take exception to what I'm going to say. One of the questions that was raised with me was potash; and I had to go back through this explanation, once again, that there are—

[9:00]

Mr. MacDonald: They weren't worried about Moores taking over hydro or the So-creds taking over hydro out in British Columbia?

Hon. Mr. Davis: No, hydro wasn't raised. I guess they just didn't think of it. But they did think of potash and they thought of asbestos.

Mr. Wildman: Did you have any discussions with the Japanese government officials and the business community regarding the reduction of the invisible domestic tariff barriers in Japan which effectively protect the Japanese domestic market even though they can claim they don't have a high tariff barrier?

Hon. Mr. Davis: This is true of a lot of other countries, of course, when it gets into

a discussion of tariff barriers. It's what the Treasurer, who has just arrived, has been discussing in terms of the whole aspect of world trade. It's one thing to talk about specific tariffs; it's another thing for countries elsewhere to take into account their non-tariff barriers. We can discuss it at great length. They are relatively inscrutable and they say, "Here are the figures. We think you can compete in certain commodity areas."

In the automotive parts field, one or two of the people who went over think they can compete—I don't know whether it was windshields or what it was—in terms of auto parts from here. If they can make that work, it would be something of an accomplishment, because that is one of their strong industries.

Mr. Wildman: Harking back to the trip to Israel, can you also give us some indication of when you expect to be giving us, or introducing into the Legislature, legislation in regard to the Arab boycott, as you indicated to the Israelis?

Hon. Mr. Davis: I hope to have something to say on that in the next day or so. I should explain that the trip to Israel was different from the one to Japan; I make no bones about it. Part of the rationale for the trip to Israel was at the suggestion of a number of people resident in this province who have rather strong traditional and emotional ties with the state of Israel.

Ontarians, particularly the Jewish population in this province, have been tremendously supportive of Israel and yet totally Canadian in their feelings. They thought it would be a good thing, if I can phrase it that way—I don't know how else to phrase it—to let Israel know that they had a government in this province which they look up to and which they say—they said this in Israel; and I take no credit for it—represents a province which by legislation, and more important than legislation perhaps, through attitude, has developed an acceptance of a lack of prejudice or what have you that isn't true in every other jurisdiction in the world.

They were very proud, the people who went with us from Ontario to Israel, to express their emotional and traditional commitment to that state and, at the same time, to tell the people in Israel how proud they were to be residents and citizens of Ontario and Canada.

Mr. Wildman: So you expect to be making a statement in the next while?

Hon. Mr. Davis: I expect I will have some occasion.

Mr. Wildman: In relation to that, can you answer this question? I raised a question

during discussion of the Ministry of Industry and Tourism estimates and referred to a statement that Mr. Bennett had made in the previous year's estimates of his ministry in regard to the government's response to the report of the select committee on cultural and economic nationalism.

In 1976 Mr. Bennett indicated that you, the Premier, had appointed his ministry and the Ministry of Culture and Recreation as the lead ministries to prepare a response to that committee report. This year, during the discussion of the estimates, Mr. Bennett seemed to have forgotten about that. I am just wondering what policy field that was assigned to. What ministries are you expecting to receive a report from to help to prepare the government's response to that committee? And when might we expect that?

Hon. Mr. Davis: In that this sort of goes beyond these estimates—and I am delighted to answer any of these questions—

Mr. Wildman: Just looking at it in relation to the trips.

Hon. Mr. Davis: —if you would send me a letter asking about particular recommendations in the report, then I can give you a better response. In other words, if you would single out those you are concerned about and wonder what are happening to, then I can tell you what status they now have and what ministries you might inquire of.

Mr. Wildman: I see. Then it's a number of different ministries?

Hon. Mr. Davis: It could be.

Mr. Wildman: I didn't intend to go on at length.

Mr. Chairman: I should draw to the attention of the committee that there was a general agreement that we would complete these estimates at 9 o'clock because the Premier has to attend a cabinet meeting tonight. He is really filling in tonight because the Ombudsman wasn't available. That's a long story and I don't want to go into it.

Mr. Nixon: That's one of the many prices he has to pay.

Mr. Chairman: Rarely has our committee attracted such general interest and attendance. I have the names of five other members who wish to speak, but I am afraid we are going to have to curtail this. The Premier does have to go and I wanted to remind the committee of that.

Mr. Breithaupt: Mr. Chairman, at this point are you then intending to proceed with the cabinet office and with the Treasury supplementary estimates at this point? What did you have in mind?

Mr. Chairman: Yes, the Treasurer is here and it was my intention to proceed with the supplementaries of TEIGA, followed by the cabinet office.

Mr. Davison: Mr. Chairman, does that mean we are going to conclude consideration of the Premier's estimates or will Dr. Stewart be available at another time within the next week or so?

Mr. Chairman: The Chair is in the hands of the committee and the Premier. If it is the desire of the committee, and if the Premier wishes to accommodate the committee to the extent that he would like to return, that's fine. Otherwise, we will deem these estimates to have been passed.

Mr. Breithaupt: Other than the attendance of the Premier, Mr. Chairman, how else would the cabinet office estimates be carried in the formality of someone to carry those estimates? What was the intention so we could organize ourselves?

Hon. Mr. Davis: Mr. Chairman, I wonder if I could get a message upstairs—perhaps we can't because the two are related.

Mr. Breithaupt: I would have thought so, yes.

Hon. Mr. Davis: If it was the inclination of the committee to complete the estimates of the Office of the Premier, we could move on to the cabinet office and perhaps finish those estimates by 9:20. I would like to be here during the discussion. I have total confidence in Dr. Stewart and Mr. Lewis, but I would like to be here.

Mr. Breithaupt: That would be a very balanced way of doing it, Mr. Chairman, because presumably the responsibility for carrying the cabinet office estimates would logically require that the Premier would be present, if at all possible.

Mr. Chairman: Is that the wish of the committee?

Vote 301 agreed to.

Mr. Roy: They are carried under protest.

Hon. Mr. Davis: You can ask me under the cabinet office estimates.

Mr. Chairman: You are still on the list, Mr. Roy. You may speak under the cabinet office, if you wish.

Mr. Roy: I appreciate and can understand the pressing engagements of the Premier, but I feel somewhat frustrated here. I have all these files—

Mr. MacDonald: They were less pressing than yours, Albert; you didn't get here until 8:50.

Mr. Roy: I had to tape a Provincial Affairs program. I was delayed. Do you want me to—

Mr. MacDonald: Okay. But—

Mr. Chairman: We all have commitments, Mr. Roy, and I appreciate your position, but I think we had better move on with the cabinet office program.

ESTIMATES, CABINET OFFICE

On vote 401, cabinet office program:

Mr. Nixon: I was interested in Mr. MacDonald's comments about outdoor relief and the British Foreign Office when he was talking about the patronage procedures that are established in the province, because there is no doubt that John Graves Simcoe was one of the recipients of outdoor relief, as was Lord Durham; so there are at least two indications where the system didn't fall down completely.

I got a press release today on the reappointment of four members and the appointment of a new member to the agriculture advisory board or something. This new chap fitted into this procedure very well. He was either the present president or former president of the Conservative Association out in Peel or Brampton or one of those places. It really doesn't mean he is not equipped for the appointment; he might be as useful as Governor Simcoe or Lord Durham. The point I want to raise has to do with the organization of cabinet, although it could have been raised in the Premier's estimates.

It was indicated that the Premier's office provides the administrative function for a number of the policy secretariats. I would suggest—and I notice the Treasurer (Mr. McKeough) at the back of the room—that it would be more fitting if that expenditure were placed in the Treasury, which I believe has the facilities to handle that.

On the other hand, in my view, one of the Treasurer's main responsibilities should be handled in the cabinet by the Premier's office. I refer to the intergovernmental responsibilities; not dealing with the municipalities—we will argue about that some other time—but dealing with the other provinces and the government of Canada. I don't suppose it would be possible for this change to be made now for a number of reasons. However, I would hope consideration would be given to the Premier publicly and totally assuming the responsibility of dealing with the government of Canada and the governments of the other provinces on behalf of Ontario.

Ontario's policies, for example, in aligning

itself—and don't misunderstand me—with the province of Quebec as the main cementing forces in Confederation have been traditional, dating since before Confederation.

I was listening to a broadcast indicating that René Lévesque was named Patriot of the Year by the Patriots' Foundation in Quebec, which goes back to Louis Joseph Papineau and the 1837 rebellion. There was no mention made that Ontario was its partner at that time and that William Lyon Mackenzie was the opposite number.

After responsible government was established, Baldwin and LaFontaine were very closely associated with the establishment of a new kind of government here. When LaFontaine was defeated in Quebec, he ran in a by-election in York and was elected. Baldwin, who was defeated in the next election, ran in a by-election in the Gaspé.

These fantastic bonds between our two provinces, in my view, have somehow disappeared. They come down through Macdonald and Cartier, and we talk about them from time to time. Cartier is not the greatest hero in Quebec; I heard somewhere that he told Queen Victoria, "Think of me as a Frenchman who speaks English." It is not the sort of thing that would endear him at the present time.

Mr. Breithaupt: She would not be pleased.

Mr. Nixon: I understand she wasn't even amused.

Somehow we have come to the end of what at one time was called the Hepburn-Duplessis axis or the Robarts-Johnson friendship or the Davis-Gérin-Lajoie association. I don't blame the Premier. I don't know what he can do, other than call the Premier Ministre "René", which seems to be the extent of our bonhomie. It is a shame, however, that the traditions which go back well beyond Confederation do not seem to be standing us in good stead.

The only thing I can suggest is some kind of an initiative. I hesitate to compare it with world diplomatic initiatives, in recent days, but some kind of an initiative is needed that would put Ontario in a place where we are doing and saying something more than the usual humdrum baloney, which I suppose does not convey proper respect to the Premier and to many people in this province and elsewhere.

[9:15]

I have a feeling that, outside of the Prime Minister of Canada, the Prime Minister of Ontario—that is, the Premier of Ontario; I had better be careful in my polemics here—

is the only other person who can have a substantial impact on what we are facing now. I simply draw to the attention of the Premier something that he no doubt already knows regarding traditions that go back a long way and probably were reinforced most soundly by his immediate predecessor, who certainly has a great fund of credibility in this regard in Quebec and elsewhere. Somehow, unfortunately, the momentum of this connection seems to have evaporated.

The only thing I can suggest is that the Premier takes from the Treasurer the responsibility for federal and interprovincial affairs and sees to it that our policies are thoroughly co-ordinated in recognition of what is obviously a crisis in Canadian unity.

I have been harping about two or three things having to do with French education in the province. I am not for a moment suggesting that substantial changes in that are going to have any substantive effect in Quebec. I don't think they give a damn whether we are teaching French here or not. But it is the sort of thing that could be the special responsibility of the Premier as the head of the government.

I felt this was the time when this should be raised. Probably there will be time to deal with it more extensively, but I want to put it to the Premier as a change in cabinet that I hope he would consider.

Hon. Mr. Davis: Mr. Chairman, I would like to reply to that, because I think the former Leader of the Opposition is making a constructive suggestion.

I only make the observation that I am not sure the physical location of people really is going to solve the problem we face. My relationships traditionally have been with the heads of government of the sister provinces and with the Prime Minister of Canada. By and large, with Mr. Bourassa, they were friendly. They weren't as extensive in the last couple of years of his government as they had been previously, because of Mr. Bourassa's problems within Quebec.

One matter that disappointed me somewhat—and I am not just referring to my participation—was raised a year ago last August when, for the first time, the Premiers of Canada met and agreed on what Mr. Bourassa was requesting; that is, constitutional amendments in what we call the cultural field—immigration, culture and communications. I had some reservations. I told Mr. Bourassa that I thought there would be problems in 10 separate immigration policies but that we would be prepared, if it would help resolve the internal problems that he was facing, to

agree to paramountcy in the field of immigration.

Culture, one again, is a mixed area. I think his concern was that the federal government, in its support of some cultural activities in Quebec, was establishing a priority with which the government of Quebec did not agree. So he wanted this. From our standpoint we were prepared to do it, because I don't think it would have made too much difference to us here in our approach.

Regarding the field of communications which I think is even more complicated, we all understood the desire of the government of Quebec to have far greater control over communications. I expressed my support of having it altered in terms of the constitution as long as it continued the recognition that there needed to be a national communications system.

We can debate English culture. We can debate French culture. I guess I am old-fashioned or naive enough to believe there is such a thing as a Canadian culture and that if you totally fragment your communications system without some national approach—I may not be using the right words—that would not serve the interests of this country.

I can recall Premier Blakeney having some concerns about the national networks. I guess all of us in political life share these concerns on the odd occasion when we see certain programs. I took the position, as did the other Premiers, that we would be prepared to discuss this to see if we could accommodate this interest on the part of Quebec. For reasons best known to Mr. Bourassa, these things did not emerge in the province of Quebec after that meeting.

The same was true in terms of some aspects of the French press with respect to the Premiers' meeting this past August in St. Andrews, where the Premier of Quebec asked us, as provincial Premiers, to sign reciprocal agreements. I had some representation from the Franco-Ontarian community. It was very simply that they much prefer to have their future in the field of education decided by the government and the Legislature of this province and not tied to an agreement with a sister province, where the stated objective of the government of that province is to separate from the rest of Canada.

I don't say this represented majority thinking or minority thinking. I have no idea. These are very responsible people. We suggested an alternative when, for the first time in my experience, going back to 1967 when there was the Confederation for Tomorrow

Conference and all these things, and probably the most significant step forward, every Premier of this country said he was prepared not only to consider but to support the question of minority language rights in both official languages. As you are all aware, the province of Ontario went one step further and said we were prepared to have this entrenched in the constitution by way of constitutional amendment, where the two official languages of Canada would be recognized for minority language purposes.

In my view that is far better than signing reciprocal agreements, even though the cosmetics of that in the first instance may have had some appeal to some people. I think that view has been shared by a number of other people. That's a long way from the point the member for Ottawa East (Mr. Roy) has raised, except to say we are, unfortunately, in different situations. His historical background is as usual quite accurate, but that historical background changed one year and three days ago. As you know, we have the advisory committee on Confederation. Don Stevenson is one of the senior people, along with Mr. Greathed, who is here with us; he is working a good part of his time with that committee, and Mr. Macdonald's committee, and he reports directly to myself and to a cabinet committee.

While I'm open to any constructive suggestions, I can't lead you astray and say I think that sort of structural change will alter the circumstances we're in or the approach we're endeavouring to take.

Just to go back to the constitutional amendment, I spoke to the Quebec Chamber of Commerce of Quebec City. I don't know whether any of the press who are here today were there for that speech or not. What we tried to do was to introduce another aspect to this debate, the economic one. While culture and language are relevant, part of the problem we face, and which the task force on Canadian unity has found in every province it has been in so far, is that people haven't raised the language issue. When they were in Newfoundland, it was the rate of unemployment, economic disparity et cetera.

I tried to introduce in my address to the Quebec chamber—and, incidentally, I think it was understood and well received by them—the economic considerations that I think are a part of the debate today. It was interesting that the most spontaneous response I received—you're all politicians and you know when people are being polite and when they're not—was when I said—a lot of them hadn't read this in the press and this disturbed me

somewhat—that our approach to minority language education was a constitutional amendment. I said this was the best route to go. I think I can fairly state there was a spontaneous and enthusiastic feeling of support for that position.

Mr. Nixon: Let me just take another 10 seconds. I simply recall to the Premier that a delegation came here, headed by the Premier Ministre, not too long ago; I suppose it was five years ago. He spoke in the chamber, and we may have had a reception—if not in this room, in the one directly overhead. We had a chance, as members of the Legislature, to meet with these people personally and to talk to them about politics and all sorts of things. Then there was the one led by Mr. Robarts to Quebec City. Unfortunately, I was not among those people privileged to go but a large delegation of elected members and press went down there.

I've got the greatest regard for Mr. Greathed and Mr. Stevenson, who are some of the greatest acquisitions the public service has ever had, but these interprovincial committees and even the concepts of constitutional amendments can never replace Ontario's position vis-à-vis Quebec, which has always been a personal and supportive one.

The Premier has indicated, and I think he has done so properly, that we do not for a moment entertain the idea that they can separate and we will remain trading partners and so on. Until that happens, even though the election happened a year ago that elected the Péquistes or whatever, we are historically their best friends and in some sense should be seen to be still.

Hon. Mr. Davis: In looking at it as objectively as I can, I hope this is the message we are still conveying. Once again, like all politicians, you are somewhat dependent on what is reported in what you say and do.

Mr. Nixon: We've never seen and never met Laurin and those other people except on television. We don't know them.

Hon. Mr. Davis: I'm not sure that sort of thing would solve the problem. Ministers have been meeting. I have met with Mr. Lévesque. In that the government of Quebec is committed to a certain objective, however, part of this process and part of my approach is to try to communicate with people in the province of Quebec other than just government. My view is that this should continue, and not just by the politicians. I've had discussions with a number of groups, and I can't name them for you, which have undertaken to initiate discus-

sions with comparable groups in the province of Quebec to carry the sort of message you have been referring to.

I'm not a cynic. I don't think this is an issue, as some have said, that is too important to be left to the politicians. It's different from anything I have sensed or experienced in the time I've been in public life. In some way, the people of this province and other provinces, as well as the politicians, have to become involved in this sort of communication. I think it's very essential. I may be wrong but I think it is.

Mr. Chairman: I'm afraid I'm going to bring down the guillotine, which is very distasteful to me, but the Premier has to leave for a cabinet meeting. He was gracious enough to come here on very short notice because of our other scheduling problems. I think we have to move on.

Vote 401 agreed to.

Mr. Chairman: Thank you very much, Mr. Premier.

Mr. Conway: The Premier and the Treasurer for the Ombudsman is almost an even trade.

Hon. Mr. Davis: I'd like to stay for the next estimates because I can tell you all about Friuli as well, Mr. di Santo.

Mr. Roy: I just feel sad we can't spend more time on things like this. We spend hours on all sorts of other things, but when we talk about the unity of the country and the role of this province, we take half an hour or 10 minutes.

Hon. Mr. Davis: I am prepared to discuss it with you or anyone any time, and some of your colleagues have.

Mr. Roy: It's just crazy. We take 10 minutes to discuss this.

Mr. Chairman: The House leaders arranged that the Premier would go on for an hour, from 8 to 9 o'clock.

Mr. Roy: I'm not being critical of you as Chairman. You have a role to do. I just think it's ridiculous that when we're discussing things as important as this, we take 10 minutes.

[9:30]

SUPPLEMENTARY ESTIMATES MINISTRY OF TREASURY, ECONOMICS AND INTERGOVERNMENTAL AFFAIRS

On vote 1104, intergovernmental affairs program:

Hon. Mr. McKeough: This supplementary estimate of \$500,000 is for Italian earthquake

relief and, within my limited knowledge, I will be glad to answer any questions.

I might say there was a decision taken by cabinet, and I would hope this would reflect—as it has with local problems—in a line in the Solicitor General's estimates. In future I think there will be a contingency item in our estimates, somewhere under the secretariat, for this sort of thing, so that it can be added to, depending on what happens in the course of a year. But there is no item; so this is a supplementary item *de nouveau*.

Mr. Breithaupt: You are thinking of a line for an item that might read, "for emergency contributions as may be decided", with a contingency figure which could be added unto. Is that the idea?

Hon. Mr. McKeough: Yes, that would be my thought.

Mr. Epp: Was there any particular formula used in this?

Hon. Mr. McKeough: I think it related to the amount that the government of Canada was going to contribute to Italian relief. I can't remember it offhand, and I haven't got the figure here.

Mr. di Santo: It was \$1 million.

Hon. Mr. McKeough: Was it \$1 million?

Mr. Epp: Are you asking municipalities to give any of this?

Hon. Mr. McKeough: No.

Mr. Breithaupt: Were there also contributions from other provinces to this general fund, or was this more particularly an Ontario involvement in the opportunity to be of assistance?

Hon. Mr. McKeough: My recollection is that there were some contributions from other provinces, but I cannot be specific as to how much they were.

Mr. Epp: Are there any precedents for this?

Hon. Mr. McKeough: Yes. We have made contributions from time to time, I don't think any as large as this—to disasters in other parts of the world. This was something that was announced in the House shortly after the disaster happened and had, then, and I assume now, all-party approval.

Mr. Epp: What are you thinking of setting aside for this contingency fund?

Hon. Mr. McKeough: As an item? Probably \$1,000. If there is no disaster, it isn't spent; and if there is one, it could be added to.

Mr. di Santo: What the government did at that time was appreciated by the Italian

community in Metropolitan Toronto and in Ontario. The contribution of the government of Ontario was by far the most generous of all the provinces. In fact, Quebec, which promised to match the amount of money given by Ontario, ended up giving \$100,000. British Columbia gave \$60,000.

The total amount of the money raised, with the contributions of the federal and provincial governments, was \$4 million. This is perhaps the best-used fund in the reconstruction of the villages and towns destroyed by the earthquake, which claimed thousands of lives and destroyed many houses, industries, commercial properties and public buildings.

The \$4 million raised was given to a special national committee in Canada. This committee has done something that I think will also benefit Ontario and Canada. The committee has chosen to build 375 houses, two homes for the aged and one or two public buildings. Both Italian and Canadian companies have been invited to participate in the projects.

What is important is that for the first time they are building Canadian model houses. Not only that, they are using Canadian knowhow and technology. From reports I had recently, there are now Italian companies which think this kind of housing is suitable for the weather conditions of that particular part of Italy. There is a possibility that it will be used in future; if that happens, I think there will be some developments for our industry.

As a matter of fact, in one or two weeks there will be a delegation coming to Windsor from Udine, which is the capital city of that region. One of the topics that will be discussed will be exactly how to work out a formula by which joint ventures or associations with Canadian companies can be set up to develop this kind of housing.

Perhaps I should say that there was a kind of scandal which involved a Canadian company, Atco, but for the record I should also say that it has nothing to do with the money given by the provincial government of Ontario. It was something that happened completely outside the responsibility of both the committee in charge of using the money raised in Canada and the fund-raisers who operated in every part of Canada.

I don't have much more to say other than to express, on behalf of Italian-Canadians, their gratitude for the generosity of the government of Ontario in that particular sad circumstance.

Hon. Mr. McKeough: The people of Ontario.

Mr. di Santo: The people of Ontario.

Mr. Lupusella: I want to extend the same appreciation which has been expressed by the member for Downsview (Mr. di Santo) in relation to the funds that were given by the province of Ontario as a contribution to the relief of the Italian natural disaster which took place in Friuli-Venezia Giulia.

The point I want to make in relation to the whole issue of emergency contributions is that I would be more interested in finding out whether or not the province of Ontario has a particular policy in relation to those natural disasters which take place around the world. Recently, it was in Italy. Next time, although we hope not, a similar occurrence might take place in another part of the world, and Ontario might give a contribution to relieve the problems arising as a result of those natural disasters.

Of course, I am not contesting the amount of money which was given by the province of Ontario. As my colleague stated previously, it was a generous contribution and was greatly appreciated by the Italian community in the province of Ontario. As I stated before, I would be more interested in finding out the formula and the kind of policy which the province of Ontario is using in relation to this particular issue.

Hon. Mr. McKeough: There is no formula. Perhaps we simply debated whether we would contribute to the flooding problems in Venice, which was a cultural thing rather than a human problem, but the answer to your question is that these have been ad hoc decisions.

When something happens in the world—I think the last one was in Turkey, if I can use that as a case in point—we normally do get in touch with External Affairs to see, in an independent way, what the results are and how well equipped the local jurisdiction is to deal with it or otherwise. We normally would contact the Red Cross, who have a good feel for what is needed and not needed. Then, depending on the degree of local interest, we would make a response or not make a response.

At the time of the earthquake in Italy, a high degree of local interest was shown within the province and we made a response, but we did so after consultation with the government of Canada, with the Red Cross and with community leaders here to see what aid would be most appropriate.

In the case of the earthquake in Turkey, we really were never asked and there was no great reaction.

Since we are an agricultural province, we have offered food on several occasions and

either the means of getting it there haven't been available or they don't need food; they have needed something else. We then perhaps have fallen back on cash or have fallen back on nothing.

If there is a larger single influence, I think it probably would be External Affairs or the Canadian Red Cross, or the International Red Cross acting with the Canadian Red Cross, but there isn't a simple or definite policy laid down.

I appreciate what both members have said in terms of the response of the government of Ontario. I think if there was ever anything that we responded to on behalf of the people of Ontario, this happens to be it.

Mr. Lupusella: I would like to make a brief remark. I do appreciate the comments which you made, not only in relation to this particular issue but, as I stated, to my point that the province of Ontario might prepare itself for other events, which we hope won't happen.

Don't you agree, Mr. Minister, that the province of Ontario would appreciate the government having a clear policy in relation to this particular problem? Perhaps it's time the province of Ontario formulated a comprehensive policy in relation to this.

Hon. Mr. McKeough: Perhaps we should, but I don't know if that's high on the priority list. It is an ad hoc response, fortunately, to events which don't happen too often.

Mr. Lupusella: Thank you.

Mr. Nixon: I was glad to hear the comments of the two members who have spoken, particularly Mr. di Santo, who also gave us a report as to the utilization of the money which I found very valuable and interesting. I would like to ask the Treasurer, how much money did we send to Cobalt, which is not an international donation, and where did that money come from?

Hon. Mr. McKeough: Not from my ministry. It's coming from the Ministry of Northern Affairs, I believe.

Mr. Nixon: In the past, as I recall, donation to disaster areas in the province have been based largely on meeting the funds raised locally—sometimes not—or in association with what the government of Canada might do. But I want to bring to the Treasurer's attention my feeling that it is time we had some kind of coherent program. There are not only small communities but individuals who have to meet the cost of disaster themselves. There's one instance particularly that I wanted to bring to his attention, which by coincidence involved a fairly recent immi-

grant from Italy, who with his family is a hard-working farmer and whose crop was completely wiped out by natural disaster—wind and rain—and was not covered by crop insurance.

[9:45]

Often, I feel, the government responds, and very properly, when the kind of disaster is large and makes a substantial impact on the community at large. The individuals, or small groups of individuals who have to meet the situation themselves, have communicated to me, as their member, that they feel there ought to be—and I believe there ought to be—a program which is understood to assist them.

In this specific instance, the Minister of Agriculture and Food (Mr. W. Newman) was most anxious to assist but there was no program that would permit him to provide the assistance this farmer needed to stay in business. I have personal knowledge of this situation and it's a clear indication that there ought to be a program.

I don't want to discount in any way the very important debate that the people of Ontario, through their government, can participate in world relief. I don't want to put what I'm talking about on the same scale. But I do feel, if the government is going to respond, through one ministry or the other, to problems within the province—as in the case of Cobalt, which got a substantial and much merited donation, as I recall—there ought to be an understandable program so that affected municipalities can apply to the Treasurer or whoever is designated, knowing what the circumstances are. It might mean that the provincial government would designate an area of disaster. It might mean that they would use the facilities of the municipality or the agricultural offices in the various areas for advice.

I think I can see and understand why the Treasurer prefers it to be ad hoc. But even though we have a program of crop insurance and widespread availability of other insurance, there are still instances and cases where I believe the designation of emergency situations, particularly as a result of natural disaster, should be a part of our policy. I'd like the Treasurer's comments and I would certainly urge him to adopt some form of policy in that regard.

Hon. Mr. McKeough: I can only say that if the government decides to adopt such a policy—I believe the member for Brant-Oxford-Norfolk (Mr. Nixon) has a bill on the order paper to this effect—it will not be under vote 1104.

Mr. Hall: What will it be under?

Hon. Mr. McKeough: It won't be under vote 1104, which is the supplementary estimate that is before you this evening.

Mr. Ashe: Grant to municipalities?

Hon. Mr. McKeough: No.

Mr. Chairman: Have you completed, Mr. Nixon?

Mr. Nixon: Evidently. I could say it would be over his dead body but not under anything. These things change.

Mr. Wildman: At the risk of prolonging a discussion of something that isn't directly under this vote, Mr. Chairman, I want to support the member for Brant-Oxford-Norfolk and indicate that in many parts of northern Ontario—perhaps this will be changed now we have a Ministry of Northern Affairs and it will be dealing with questions like this—there are unorganized areas where disaster grants to municipalities simply have no relevance.

If we hearken back to November 10, two years ago, when the Edmund Fitzgerald went down in Lake Superior, and there was extensive damage to properties and the shoreline of Lake Superior and the north shore of Lake Huron, there was absolutely no assistance available from government.

As the previous speaker said, I don't mean to speak as if I'm in opposition to what was done for the disaster in Italy. I think that was very important and I congratulate the minister on it. But I do hope he will look at the suggestions made by the member for Brant-Oxford-Norfolk and, I believe, the member for Scarborough-Ellesmere (Mr. Warner) in relation to domestic disasters.

Mr. Hall: I want to avail myself of the opportunity to comment on the Ontario disaster relief fund under whatever the branch is of the Treasurer's administration.

Mr. Chairman: You can relate it to this vote, Mr. Hall?

Mr. Hall: Yes, we're talking about disaster relief.

Mr. Chairman: To Italy.

Mr. Hall: Disaster relief in Italy? I think I should be afforded the chance to comment on internal disaster relief, Mr. Chairman. Two others have.

Mr. Chairman: Do your best, Mr. Hall.

Mr. Hall: We had a twister in our riding and about \$800,000 worth of damage was done, as a rough figure; so I understand the problems that the minister and those under him face in this matter. But at the time this

happened, on August 8, I found that there was confusion as to what role the government would play. After some investigation, it turned out that it was on a basis of matching funds raised in the municipality. I'm not going to debate the merits of that right now, but I think it would have helped if the municipalities had had a list of guidelines or something in their hands so they could understand the system.

When you have to match funds, the funds come in more slowly, the longer that time passes after a disaster happens. It's just a fact of life. I don't mean to take more money from a person than is necessary, but to get volunteer contributions, it has to be done quickly. I would like to see better communications on the system to the municipalities throughout this province.

Was that fast enough, Mr. Chairman?

Mr. Chairman: Yes, that's very good. It was

out of order, but it was very good. Does the Treasurer have any comments?

Hon. Mr. McKeough: I wouldn't want to respond to something that was out of order, Mr. Chairman.

Vote 1104 agreed to.

Mr. Chairman: This completes the supplementary estimates of the Ministry of Treasury, Economics and Intergovernmental Affairs.

Mr. Hall: It would have been better if we'd had an Ombudsman—however.

Mr. Chairman: Before we adjourn, I should mention that tomorrow morning at 10 we are dealing with the office of the Ombudsman. The Ombudsman, unfortunately, is still in Winnipeg. We'll be dealing with his staff tomorrow. He will be with us next Monday and Tuesday.

The committee adjourned at 9:52 p.m.

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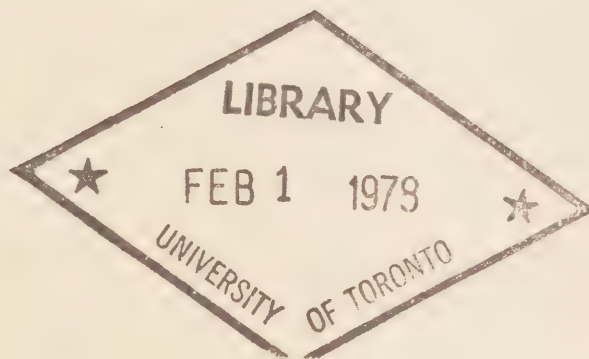
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Legislature of Ontario Debates

Official Report (Hansard)
Daily Edition

General Government Committee

Estimates, Office of the Ombudsman



First Session, 31st Parliament

Wednesday, November 23,
and Monday, November 28, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, NOVEMBER 23, 1977

The committee met at 10:30 a.m.

ESTIMATES, OFFICE OF THE OMBUDSMAN

Mr. Chairman: It is 10:30, and I don't see a quorum. The only member of the com-

mittee who has so far appeared is Mr. Hall. I am therefore exercising the prerogative of the Chair to adjourn this meeting until Monday next at 8 p.m.

The committee adjourned at 10:30 a.m.

MONDAY, NOVEMBER 28, 1977

The committee met at 8:10 p.m.

ESTIMATES, OFFICE OF THE OMBUDSMAN

Mr. Vice-Chairman: I see a quorum, so the estimates for the Office of the Ombudsman should get under way. Do you have an opening statement, Mr. Maloney?

Mr. Maloney: Mr. Chairman, I thought I would make a similar presentation to your committee that I made when the same items were before the Board of Internal Economy on March 1. At that time what I had to say about our budgetary requests was this:

In the fiscal year which ended in March the Office of the Ombudsman completed a major growth phase. I said I regarded the present level of staff as stable for the foreseeable future. Therefore, my directors and I intended to establish priorities and to streamline our operating procedure so that we would be able to maximize the productivity of our existing human and monetary resources.

As I mentioned during the presentation of my supplementary estimates to the board in November, and as I reminded them in March, I had retained the services of the firm of Hickling-Johnston Limited to advise on a salary administration policy. The way that came about is that when we were before the board in November there was some concern expressed that the salaries being paid to some of our staff members were in excess of comparable salaries in comparable areas elsewhere. So we retained Hickling-Johnston to advise us on salary administration.

I stated to the Board of Internal Economy in March that I had a copy of the firm's preliminary report and I distributed it to the board. Hickling-Johnston, in their report, be-

gan by observing that it is usually necessary to lead the market slightly when a new organization is being staffed for the first time. Then they noted that clerical salaries are leading the market by approximately six months—that is to say, in my own setup—but that other salaries are comparable with the current market. I said I intended to implement their recommendations when I received their final report later that month.

We did implement those recommendations and we red-circled any whose salaries were in excess of the quantum they stipulated. We increased to the minimum those salaries that were below that quantum. They found basically that in the case of all our positions, with the exception of secretarial positions, they were either in line or under the minimum. As I say, we red-circled the ones that were in excess of the floor figure they fixed. So the implementation of the Hickling-Johnston recommendations re salary has taken place.

I went on to explain to the board that, pending the implementation of a comprehensive compensation plan, I felt obliged to make adjustments to the salaries of my staff which would reflect the increase in the cost of living. Therefore, on the basis of the board's approval of our supplementary estimates, I authorized the payment of cost-of-living increases in December which were retroactive either to April 1, 1976, or subsequently if an employee commenced employment in our office after April 1. These increases were on a graduated scale and followed exactly the Civil Service Commission cyclical revision for management exclusions, which was effective from October 1, 1975.

Similarly, I explained that following the board's approval of our supplementary estimates, 10 employees whose anniversary dates

occurred between August 1, 1976, and December 1, 1976, were given merit increases, on the understanding that such increases would be deductible from future salary payments if they were not subsequently approved by the Lieutenant Governor in Council. To that date in March, no merit increases had been awarded to employees whose anniversary dates occurred on January 1, 1977, or thereafter.

[8:15]

I went on to say that when we were asked to prepare our estimates for 1977-78 we were instructed to provide for merit increases. Accordingly, we provided for these increases at the admittedly arbitrary rate of six per cent to allow for the indeterminate effect that an intervening economic adjustment might have. Should such an economic adjustment occur, this arbitrary percentage would decrease proportionately to ensure compliance with the Anti-Inflation Board regulations.

Mr. Mills will have occasion to explain to you in somewhat greater detail that our claims for merit salary increases appeared not to have been provided for by the Board of Internal Economy last March, in the concern they had that perhaps they weren't in compliance with the Anti-Inflation Board regulations. We subsequently submitted them to the scrutiny of the Anti-Inflation Board people, who confirmed they were in conformity with the regulations. One of the items in our most recent claim for supplementary estimates was to renew our claim that our people be given what I understand to be, at all events, the same merit salary increases that went to anyone else in the public service.

I went on to ask the board at the meeting in March to give special consideration to my request for \$75,000 for a management improvement project to be conducted by Hickling-Johnston Limited. This request is contained under the heading of "Services" in the budget I submitted to the board and was part of the reason that our request had increased by \$225,000. I said I believed the time was right for such a project and I asked the approval of the board for funds to conduct it.

I think members of the select committee on the Ombudsman who are here tonight will recall that this particular item was referred to the select committee. Mrs. Campbell, who was a member of that committee, is aware of this.

After a lot of study and thought, the select committee approved the item involving the

management improvement project and it went back to the Board of Internal Economy. They discussed it with me 10 days ago or so and we asked for tenders from a number of companies which might be interested in tendering on such a project.

We have received their tenders and my understanding is that we're waiting for the Board of Internal Economy to stipulate the amount that it will agree to for such a study. On the basis of whatever the board's decree is in that area, I'll know which of the tenders it is open to us to accept. It is my understanding that the management improvement project has been approved, first of all by the select committee on the Ombudsman and I believe by the Board of Internal Economy, although this is not anything I can be certain about.

Finally, I brought to the attention of the Board of Internal Economy in March the fact that \$290,000 of the amount that was requested in our 1977-78 estimates related directly and exclusively to the commitments imposed on us with respect to the North Pickering hearings and the North Pickering royal commission. It should be remembered that these expenses are of a unique and non-recurring nature.

I terminated my opening statement to the board at that time but, of course, North Pickering continues to be a source of immense concern and distress to the Office of the Ombudsman. It's a cost that we don't relish but it's a cost that has to be incurred, in view of the fact that the Ministry of Housing did not see fit to give effect to my report. We had to end up in a compromise which was approved by the original select committee on the Ombudsman.

You have the hearing going on under the direction of Mr. Hoilett, who is here tonight. It's very costly. It started its operations away back in December 1976; as of today I'm informed by Mr. Hoilett that we are in the middle of case number 61, which I think is an incredible tribute to Mr. Hoilett and to the people who are involved in the hearing before him. But this is an incredible expense. We have to have court reporting costs; we have to have a daily transcript. The thought of saving a few dollars to get a transcript that wouldn't be a daily transcript would be poor economy because of the number of times it's necessary to refer to the evidence that was given the day before. I'm bothered that any part of my budget has to take into account an expense that I feel was thrust upon us—one that we don't want but must bear.

I should say at this stage, before Mr.

Mills answers any specific questions you may have about specific items in the budget, that one of the problems in the Office of the Ombudsman in determining what money we require to carry on our operations is that we cannot predict what claims are going to be made upon us by citizens of the province. For example, we had no way of anticipating—Mr. Nixon, you're familiar with this case—the people involved in the South Cayuga land assembly. That is a big investigation. I didn't know it was going to happen. We don't know how long the North Pickering inquiry is going to last.

I would like a mechanism worked out whereby the Ombudsman can get back to somebody and say, "I need money for this purpose." I don't know how it works in other ministries. For example, take the Attorney General: How would he know, for example, that a case like the Demeter case was going to come on which was going to cost the taxpayers more than \$1 million? How does he get that money when it happens and he needs it? I need it in the same way because we don't know what kind of investigations we're going to be called upon to make. If we're going to do a job, we've got to be able to take on whatever we're asked to investigate that's within our jurisdiction.

Mr. Chairman, that constitutes my opening statement to you at this stage. Anything else I can usefully answer I'll be glad to attempt to do. As I say, on the specifics of the budget that we went over with the board last March, Mr. Mills, our director of administration, is here to assist us.

Mr. Vice-Chairman: Thank you, Mr. Maloney. I think the first speaker is from the official opposition.

Mr. Nixon: As far as I know, Mr. Chairman, we don't have any official statement. There may be a question or two.

Mr. Vice-Chairman: I think we're at that point.

Mr. Nixon: I'd like to ask the Ombudsman, or someone who might speak on the financial matter, something further about the North Pickering commission. The Ombudsman indicated in his statement that this was a continuing cost for the Ombudsman's office. Does that mean simply to be represented at the commission hearings? Or are you billed for a share of the continuing cost of this elaborate procedure?

Mr. Maloney: The part of the tab we have to bear for this elaborate procedure, to put it mildly, is almost all of it. We pay the rent for the premises in which the hear-

ing is taking place. We pay the cost of the lawyers who have to act for the land owners. We pay the cost of the court reporters who transcribe the evidence daily. We pay the cost of two extra contract people we had to hire as investigators. The only cost the Ministry of Housing pays is the cost of the lawyers that it hires to represent its interests. We're picking up the tab for all the rest of it.

Mr. Nixon: I was under the impression that since the Ministry of Housing was unprepared to accept the Ombudsman's report and recommendations, then the agreement, or sawoff, was that the matter would be given to an independent commission. I certainly wasn't aware that the cost for the continuing investigation lay with the Ombudsman. I don't know of any royal commission that's paid for that way.

Mr. Maloney: There's one thing I didn't perhaps make clear in my answer to your question. The compromise that was worked out between me and the Ministry of Housing was this: Of the 43 or 44 cases I originally cited in my first report as being cases that I thought should go to the Land Compensation Board to enable that tribunal to determine what additional moneys, if any, should be paid to these people, the Minister of Housing (Mr. Rhodes) strongly challenged 12 of them in an opening statement made by the ministry. I don't mean to imply that he didn't challenge any of the others but these were the ones he selected for special mention. Then you will remember the land acquisition agents started their lawsuit quite a few months after we got involved in the controversy.

It was agreed in the course of the compromise that the 12 cases singled out by the ministry, plus 15 of the cases in which the land acquisition agents were involved—for a total of 27 or 29—should be referred to a royal commission presided over by a three-man commission. It was further agreed that the balance of the original 44 cases—that is to say, 13 or 14 of them—plus any new cases that came in as a result of the publication of my report, should all be referred to a hearing under the Ombudsman Act.

We have got two hearings going on, Mr. Nixon. There is one under the Ombudsman Act, which is being presided over by Mr. Keith Hoilett and held in camera pursuant to the provisions of section 20 of the Ombudsman Act; that's the one whose costs I was referring to. Then there is the royal commission set up under the chairman-

ship of Mr. Donnelly; the only cost that the Ombudsman's office is paying towards that is the cost of the counsel who have been engaged to represent the land owners, plus an investigator, plus office accommodation for them.

That commission, as you know, has pretty well collapsed. After some months of extension the land owners finally withdrew from it. But the cost we had to pay for the royal commission then was the cost of the counsel who had been engaged to represent the land owners, the cost of an investigator for them, the cost of the office accommodation for them, and the cost of a car rental that I think was needed. In addition, there were the other even bigger costs that were involved in the hearings before Mr. Hoilett. It's a huge expense for us.

Mr. Nixon: What's the way out of this morass?

Mr. Maloney: Mr. Hoilett is going to finish the hearing of evidence in his case, I would estimate, by the end of December or very early January. Then, I presume, they will adjourn to enable counsel to prepare argument. That argument will be addressed to Mr. Hoilett, let's say a month after that, the end of January or some time in February. Then Mr. Hoilett has to prepare his report to me.

The Minister of Housing is committed to accept whatever recommendations Mr. Hoilett makes in respect of those cases. As I say, he has heard 61 of them now, for a grand total of 71 to 75. That means there are just about 10 or 12 left to be heard.

But in the case of the royal commission, it has collapsed, as I said. They ended up hearing, according to press reports, just four witnesses, land acquisition agents, and they have adjourned. What further action or what further steps that commission intends to take, I don't know. But that's the picture as briefly as I can state it.

Mr. Nixon: What would you estimate the total cost of the Hoilett review to be?

Mr. Maloney: Mr. Mills tells me the cost we anticipated by the end of the fiscal year—that would be March 31—is \$385,000 for the Hoilett inquiry alone.

Mr. Nixon: Although it is not your responsibility, would you care to comment on what could be the possible disposition of the matters referred to the royal commission, if those hearings have ceased? You are more or less a party to the matter. I don't know whether it would be proper for you to comment or not, but I don't see how the thing can be settled or disposed of.

Mr. Maloney: I am much alarmed by the fact that that commission conducted no investigation, didn't call any witnesses, didn't appoint a commission counsel, didn't go around interviewing witnesses and call them to give evidence in the true tradition of a royal commission. They have ended up by calling, as I understand it, four land acquisition agents—four out of the five—who just went into the witness box; they weren't cross-examined by the opposing counsel, the counsel opposing their interest. I just can't imagine what kind of a report can come out of that kind of inquiry.

[8:30]

Mr. Nixon: Just to refresh my memory, did Mr. Mills say that the cost anticipated for the review — not the commission — is \$320,000?

Mr. Mills: No, \$385,000.

Mr. Nixon: That's a non-recurring but special expense resulting from the North Pickering controversy.

I also want to ask the Ombudsman—in his opening remarks, I wasn't exactly sure—are there one or two management consultancies required; one for salaries and one for general organization? Or is there just one?

Mr. Maloney: The one for salaries is a fait accompli.

Mr. Nixon: That's finished.

Mr. Maloney: Yes, and we're implementing their recommendations. Because they had conducted that survey and did it so well and so thoroughly and had acquired such a familiarity with our office, my view was they should be retained for the subsequent management efficiency study. There's a little matter of tendering that had to be considered.

Mr. Nixon: Would you consider it unfair if someone like myself felt it was a little premature to have a thorough survey since you've only been in operation for two and a half years?

Mr. Maloney: No, I wouldn't think it would be unfair of you. I'd ask you to reconsider it, though—and I'd abide by the wishes of you and your colleagues. I'd ask you to reconsider for this reason: We've been in operation now two and a half years, and we've got the staff, basically, that is needed to do the job. I think we should have somebody who's a real top man in efficiency come in and say, "This is being done the right way, this is not being done the right way; I make this suggestion and that suggestion," so that if we are making

any mistakes or errors we don't perpetuate them.

Mr. Nixon: Did you have professional advice when you started from scratch?

Mr. Maloney: Not really, other than the advice I acquired by studying the operation in the other provinces and in other jurisdictions in the world. I didn't have a consulting firm advise me, like the kind I'm now envisaging.

Mr. Lawlor: I find these particular estimates, Mr. Chairman, somewhat puzzling in a way. I haven't been sitting on the select committee on the Ombudsman, but I take it they have been overseeing and consulting with and doing quite a number of things with respect to the office. I would have thought that committee would be seized or possessed of these matters and that this particular set of estimates would be handled in that particular way. The Ombudsman is going to be unique in having an enormous amount of surveyorship, to say the least, being exercised over his office, if that particular procedure is to continue.

I must say that if you have come into a period of consolidation, if you think you've solidified now and know your staff's stance, I'm basically very much in favour of the expansion of your role. I think there are numerous areas in the province, particularly in municipal matters—I remember very well that Mr. McRuer didn't want an Ontario Ombudsman at all. He wanted a municipal ombudsman. He felt he would be efficacious in that particular area and that there was no necessity for one at this particular level.

I suppose whatever his nostrums on the matter were at the time they are equally applicable now and provided—I'd like to hear what the Ombudsman has to say about it—provided that the cost is not, how shall I put it, out of line or disproportionate, whatever all this means, you should exercise and begin to think about exercising some jurisdiction in those areas and in those numerous agencies which seem to be beyond the pale, beyond your reach. You researched this thing very thoroughly and found out there are numerous entities that I would have thought would, in the normal course of things, fall within your ambit and investigative powers.

The only other thing I want to say is that I'm interested in correctional services work, and I think you've done yeoman service by visiting the institutions et cetera. I think there's probably a lot of meat there that may only be out in the icebox—you say still icebox, don't you Robert? You never say refrigerator. Of course not.

Mr. Nixon: Your colleague would be more aware of those things than the rest of us.

Mr. Lawlor: I feel that because of the Pickering experience, the Ombudsman at this time in his history, and so soon, may be inhibited somewhat. I think of Maloney like Henderson, the rain king in Saul Bellow's novel. He goes to darkest Africa and learns the temper of the lion, and he trains in the basement of the palace in order to acquire the tonality of the beast.

Mr. Nixon: Right on.

Mr. Reid: You're certainly right on the estimates. Are you getting paid by the Ombudsman?

Mr. Lawlor: When one is asked to come in out of the blue, one does the best one can.

Mr. Reid: Such honesty is refreshing but hardly becoming.

Mr. Lawlor: We have to face up to our limitations.

Mr. Reid: What other novels have you read that you can bring in?

Mr. Lawlor: Yes, there was one other I can work in there.

I think you ought not to be inhibited, as I suspect to some degree you probably are, because of this enormous delay—I have been anticipating that particular report to come forward for a long time, for many months now. I suspect you're checking and double-checking; that you're all at loose ends with respect to being right when you bring it in so that you will not run into another barrage, that your whole office will not somehow be called into question. That's to be taken for granted. This is the way it is.

It's going to require considerable courage and something of the heart of the lion to tackle these ministers on their own ground. They have formidable organizations. That's precisely why the Ombudsman came into being: to stand up to them and not to be put down in any way. We have little enough in the opposition surrounding research and what not. However, we come in and beard them on occasion and aren't particularly put out by it. Nor should your office be, and I'm asking that you not be. I'd like to know in this area: Where is that report? I trust it's coming forward.

Mr. Maloney: Just before answering you, Mr. Lawlor, could I explain to Mr. Nixon that one matter Mr. Hainey asked me to bring to your attention was that of the items of expenses we incurred regarding the Pickering commissions—both the one heard by Mr. Hoilett and the royal commission—the one item of expense for which we were

repaid as we paid it out was the legal fees. That still doesn't affect the projected figure of \$385,000.

Mr. Nixon: How much was that item, in passing?

Mr. Hainey: The legal fees?

Mr. Nixon: Yes.

Mr. Hainey: We haven't been keeping an account of them for the simple reason that we bill them to the Ministry of Housing after we pay them.

Mr. Maloney: I'll get that figure for you and send it to you.

Mr. Lawlor: When Mr. Nixon retires from the Legislature hire him as a special surveyor of the legal profession.

Mr. G. Taylor: The taxing master would be an ideal job for Robert.

Mr. Nixon: I'm a doctor of laws. Why shouldn't I participate around here?

Mr. Reid: Better yet, he'd bring in a little common sense to bear on these matters.

Mr. G. Taylor: How do you spell "sense"?

Mr. Vice-Chairman: Mr. Maloney, continue please.

Mr. Maloney: I'm happy about your comments about our intervention in the prison work, Mr. Lawlor. I think it has been immensely valuable. I think the knowledge of the people who reside in the jails and penal institutions of this province that they have access in a totally confidential setting to an independent functionary like an Ombudsman, has had a salutary effect on the present system.

As to the report itself, we are awaiting, hopefully tomorrow or the next day, a letter from the Ministry of Correctional Services advising us whether or not there is any further aspect of the report in draft that it has seen in respect to which it wishes an opportunity to make representations. We don't anticipate this is going to involve much further delay.

On receipt of that letter, we will address ourselves to the report. When that's done, we will deliver the report to the ministry, to the minister himself, and we will try to ascertain how much time he feels he needs before replying to it. He has stated that he proposes to release it very quickly to the public after we send it to him.

In other words, I anticipate our report relating to the complaints about correctional services will be released to the public in December. That's my expectation of it.

You made some references to expanded jurisdiction. My view is that the jurisdiction of

the Ombudsman should be expanded to include the actions of any organization that is funded in whole or in substantial part by the Ontario taxpayers. That would include universities, public hospitals, boards of education and nursing homes. It would include some other organizations that we could enumerate in a schedule to include municipalities. That's why I concurred in what I understood to be your position there.

Thank you, Mr. Lawlor. Those are my remarks.

Mr. Lawlor: Have you any idea what added costs to your office that might involve if you expanded into those fields?

Mr. Maloney: I think our basic staff is there. What would be needed in the way of additional staff would be that we would have to bring in people who had special expertise in some of these areas. We would have to bring in some staff with special expertise in the areas of municipal problems, hospitals and universities, but we would not be talking in terms of a large increase of staff. It would have to be backed up by some backup secretarial staff and that sort of thing.

Mr. Lawlor: Thank you.

On vote 701, Office of the Ombudsman program:

Mrs. Campbell: I was interested in your latter remarks about the boards of education. What do you do where you have a board of education that is not funded in whole or in part by the province? I am thinking of the Toronto Board of Education which, in this year, has raised all of its funds for its own purposes, and for its Metro contribution, out of the taxpayers of the city of Toronto. How would you differentiate in a case like that?

Mr. Maloney: In the first place, if we were given jurisdiction over municipal organizations, that would get them in on that basis, but suppose not?

Mrs. Campbell: I know.

Mr. Maloney: I would think it would just be simply whatever the Legislature directed in amending the statute to provide that that is an organization that would be included in the schedule that we could accept complaints about.

I say, first of all, you should approach it on the basis that in whatever is funded in whole or in substantial part by the Ontario taxpayer, the citizen should have an Ombudsman recourse. If you did it that way, that would include municipalities. That would include the boards of education, structured or constituted as you say. We would get at them that way.

Suppose you decided not to give jurisdiction over municipal or local government. Then, if you wanted boards of education included but not municipalities, it would have to be done by special enactment.

Mrs. Campbell: What did you say? I didn't catch your answer to Mr. Lawlor as to what you foresaw as the additional cost. Wasn't it somewhere around 33½ per cent if you expanded it to the municipalities?

Mr. Maloney: You mean the total amount of complaints so far received?

Mrs. Campbell: No. If you expanded your jurisdiction, wasn't it estimated that it would amount to something like 33½ per cent if you included colleges and universities, hospitals, municipalities, boards of education et cetera?

[8:45]

Mr. Maloney: It would increase our complaint volume rather considerably, but that would not necessarily necessitate an increase in our staff volume. Where I think the staff increase would be required would be to enable us to bring into our office setup people who had special expertise in these areas.

I haven't attempted to think out precisely how many additional senior people would have to be brought in or who would be our special person in charge of problems relating to municipal or local government.

I don't think there would be that many. You'd have to have some additional staff, for sure, and you would have to have additional backup support and secretarial staff for them. I haven't really addressed myself to how many additional staff would be required nor what the cost would be. I say that it would be an improvement in the Ombudsman legislation if it were done.

Mr. Ziemba: Mine is more a point of order, Mr. Chairman. What are we doing here tonight? Are we voting supplementary estimates? I don't have anything in front of me. I don't even know what it is that we are doing.

Mr. Vice-Chairman: As I understand it, Mr. Ziemba, we are voting the 1977-78 estimates shown on page G-44 of volume one, General Government.

Mr. Ziemba: This year's?

Mr. Vice-Chairman: This year.

Mr. Nixon: We know there are no supplementary estimates before us.

Mr. Reid: Those are yet to come.

Mr. Ziemba: I see.

Mr. Vice-Chairman: There is no consideration of supplementary estimates, so far.

That is not to say that later on in this committee's work there may not be.

Mr. Maloney: We have applied for supplementary estimates and have already made our submission to the Board of Internal Economy in that respect. But we have not received any word as to their position.

Mr. Vice-Chairman: As you don't have a copy of the estimates book in front of you, Mr. Ziemba, the 1977-78 estimate for the Office of Ombudsman program is \$3,560,000.

Mr. Reid: Thank you, Mr. Chairman. I have a problem with the Ombudsman in that I was on the original select committee that was set up to provide guidelines for the Ombudsman, along with my colleague Mr. Lawlor, who may recall that at that time I was a sort of lone voice in suggesting there should be guidelines provided for the Ombudsman, his function and his estimates. The final opinion of the committee at that point was that because this was a new function in the province of Ontario no guidelines were necessary and we would proceed along and give the Ombudsman his head, so to speak, to see how it went from there.

I want to admit to that bias from the beginning. I thought there should have been guidelines laid down as to staff, salaries and functions, other than what was laid out in the Act.

I would like to ask, Mr. Chairman, if I may, what the present staff of the Ombudsman is—perhaps what the Ombudsman's staff started out as in his first year of operation, and what the present staffing is now.

Mr. Maloney: The present permanent staff in the Office of the Ombudsman, if you count every last dicta secretary or office boy, is 123. On top of that we have contract staff who are engaged mainly for the purpose of Pickering.

Mr. Reid: How many would that be?

Mr. Maloney: There is a total of 18, I think, in the category I am now mentioning. How many of that 18 are for Pickering? Fourteen?

Mr. Hainey: Yes.

Mr. Maloney: Then we have some part-time staff. We keep students busy at night. They stay in our offices downtown and here when the House is in session until 10 o'clock or 10:30 at night. They work on files for us, but they also keep the office alive to the general public until 10 o'clock at night. I think this is pretty important. We have a 24-hour service to the public

in that respect. After 10 o'clock it goes on answering service. But that is the staff situation. We started off with only one.

Mr. Reid: When you say students, are they law students, MA students, BA students? How many are involved?

Mr. Maloney: During the year they are all law students. During the summer they are a mixture. Our summer student program involves students from high schools. Did we have any high school students last summer? We did the first summer.

Mr. Mills: None last year.

Mr. Maloney: There are university students—some law students—but during the school year now the people who work in the office downtown and up here at night are all law students, I think.

Mr. Reid: Are they paid an hourly rate or a per diem?

Mr. Maloney: They're paid at an hourly rate.

Mr. Reid: What is that?

Mr. Hainey: In some instances it's \$6 and in some instances it's \$10 if they have greater experience or proficiency.

Mr. Reid: And how many people are we talking about?

Mr. Hainey: My records show that on an hourly basis we have 18 people manning telephones, coming in very much on a part-time basis. That's why they don't count as complement.

Mr. Reid: That's over and above the 123? How many people would you classify as having senior positions, and could you define a senior position?

Mr. Maloney: I would classify a senior position as a position held by any of the directors or any of the investigators. I would put in a senior category the interviewers, the executive assistants. Would you say that would exhaust the people we identify as being senior, Mr. Hainey?

Mr. Reid: How many of the complement of 123 would that encompass?

Mr. Hainey: There are 10 directors, four assistant directors, I think, five interviewers, 23 investigators in investigations proper, and six in correctional and psychiatric services.

Mr. Reid: My computer-like brain isn't functioning as well as it might.

Mr. Hainey: I make it 48.

Mr. Reid: I was going to say 50. What is the salary range from the low to the high and how much money are we talking about for those 48 people?

Mr. Hainey: The correctional investigators and the regular investigators are classified as having jobs that merit a salary of \$20,000 to \$23,000 per annum. The directors are split into two groups, earning between \$25,000 and \$30,000 or between \$30,000 and \$34,000.

Mr. Reid: How many were in that category?

Mr. Hainey: Ten directors.

Mr. Maloney: Not in the last category. There were 34.

Mr. Hainey: The 10 is split into four and six. Six are \$25,000 to \$30,000 and the remaining four are \$30,000 to \$34,000-\$35,000.

Mr. Reid: Do you have any people making more than \$35,000? Other than the Ombudsman, of course.

Mr. Hainey: The special assistant and legal officer, Mr. Hoilett.

Mr. Reid: I wonder if we could, for the record, have a comparison between the province of Ontario and some of the other provinces. Let's take Quebec which has, roughly speaking, an equivalent population within. They have an Ombudsman, as I understand.

Mr. Maloney: Yes, indeed they do. You want to know their total budget, do you?

Mr. Reid: And the staff, yes.

Mr. Maloney: I don't know their total budget, but I think it's approximately \$1 million or a little less. A little less, Mr. Hainey tells me.

Mr. Reid: And how many staff?

Mr. Maloney: Their staff is 30 plus. And the province has a population of six million.

Mr. Reid: And our population is?

Mr. Maloney: Eight and a half million. I studied their operation very carefully and I have no criticism to make of any of my counterparts. I'm satisfied that the Ombudsman operation best suited to the province of Ontario is the one that I have set up in Ontario, and not the one that has been set up in Quebec.

Mr. Reid: That is certainly an interesting observation, and I would not expect you to say anything other than that, Mr. Maloney. But there seems to be a fair difference, both in terms of money voted in the Legislature for that purpose and of staff complement. In my ignorance, I have not heard that there is a great outcry in the province of Quebec that the Ombudsman is not doing that job. Is there something more you can tell us? Why is our budget some three and a half times Quebec's—a province with not quite the

same population but almost—and why do we need about three times the staff?

Mr. Maloney: I would only say this to you, Mr. Reid: I think it's a very legitimate concern for any member of the House to have but I suggest that if you feel that way about it, you should really study the operation in Quebec and then come back and decide whether or not you agree with what I have said.

Mr. Reid: You haven't said anything yet, Mr. Maloney.

Mr. Maloney: I've just told you that I have studied their operation. I don't intend to speak critically of any of my counterparts. I am saying that I want the operation for Ontario that we have—not the one that Quebec has for Quebec. To understand what I mean, I think you should study it yourself and not put me in a very embarrassing position of having to make any comments by way of criticism of any of my counterpart operations. I cannot say anything more to you than that.

Mr. Reid: I think you can, Mr. Maloney, because the justification of this whole operation is for you to justify the money you are asking for to this Legislature which, amongst other things, is under a constraint program. I don't have the time, the expertise or the staff that perhaps your office has to make that comparison.

With all due respect, Mr. Maloney, I think it's incumbent upon you to justify, to the members of this committee and the House, the need for a budget three and a half times as large and a staff three times as large as the Ombudsman operation in Quebec, which has, roughly speaking, the same population and is compared with other provinces in Canada, the same geographical size.

Mr. Maloney: Let's see if we can't approach it more positively. Your question is premised on the assumption that the state of affairs in Quebec is fine for everybody.

Mr. Reid: No. That is not my assumption at all.

Mr. Maloney: Whatever your assumption is, let me address it a little more positively.

This province, for which I was mandated to structure an ombudsman, has a population of eight and a half million people. It has a provincial budget, annually, of \$13.5 billion. It has a land mass of 415,000 square miles. It has a civil service of about 70,000 to 72,000 men and women. It has about 28 ministries. Somebody told me that as many as 500 boards, agencies and commissions of government make decisions daily that are

potentially reviewable by an Ombudsman. It has many huge cities, many large cities and many big cities. Some 52 per cent of its population is from Europe; they came to Canada and accepted Ontario as their home, and this has created great linguistic problems. We are a much more pluralistic society than the Quebec society which creates problems of its own.

The Attorney General's ministry budgeted for \$131 million or \$132 million; the Correctional Services ministry about \$156 million and the Solicitor General's ministry about \$130 million. These are ministries set up to prosecute, to try, to imprison, to police. An Ombudsman does not do any of these things and yet he has got to be potentially available to review the complaints of a huge population in relation to all of them.

[9:00]

If you mandated me to look into the cost of the Ombudsman operation for Ontario, if it was going to be conducted on the high level that I thought the members of the Legislature wanted, I think you would more appropriately look at Alberta. I found their *modus operandi*, or system of operating, was closer to what I had in mind for the province of Ontario. They have a population of 1.8 million. They have an annual budget—I made some notes on Alberta—of \$3,329 million. They have a civil service of 28,000. They have 21 ministries as opposed to our 28, and 45 boards, agencies and commissions as opposed to our 300 to 500. We have some 76 or 77 correctional and psychiatric facilities. Alberta has a total of nine in those categories. The number of cities in Alberta is infinitely less than here.

They have a staff of 18, including the Ombudsman. If you multiply it by five alone, which is the difference in the population, you get to 90. When you complicate it by the added problems we have with the additional civil service, the additional correctional and psychiatric facilities and the ethnic population we have, our staff complement is not out of line. I would have come back and said to you it is in line, having studied Alberta and having seen what their budget is, which is \$375,000—and they don't have to pay their rent or their phone bill, which are picked up for them. Take my rent away from my budget and you would knock of \$327,000.

Mr. Reid: You could always go to cheaper quarters.

Mr. Maloney: We could go into a government building, but I was told that would give a lot of offence to members of the

Legislature and to the general public of this province. If you want people to direct that the office of the Ombudsman doesn't have to be in a non-government building, I am receptive to those suggestions. All I am saying is, if you equate us to Alberta, you are getting pretty close to what you have right here in Ontario, and you would have the kind of system you would like too, Mr. Reid, if you saw it there. I am just satisfied we are doing it the best way it can be done. There is no way I could ever discharge the responsibilities of this office on a budget of \$1 million.

The Act provides that the Ombudsman appoints the staff members and fixes their salaries and conditions of employment, subject to the approval of the Lieutenant Governor in Council.

Mr. Reid: That is why we are here.

Mr. Maloney: The budget for the total staff that has been approved by the Lieutenant Governor in Council, is about \$2,809,000. The only staff people who have not yet been approved by order in council are a few who have been promoted within the office, within the last few months, plus a few secretarial people who have been hired. Beyond that, the staff complement has been totally approved and passed on by the Lieutenant Governor in Council. I can't say any more to you than that. I totally disagree that the operation could be carried on here for \$1 million.

Mr. Reid: Mr. Maloney, it is obvious from your response why you were so successful as the defence lawyer, and I certainly salute you for that. However, let's not put up straw men and say things that I did not say. I did not say we could do things for \$1 million.

Mr. Maloney: I thought that was what you meant.

Mr. Reid: I simply asked you what the comparison was. Could you perhaps give us a comparison of the number of people in the province of Quebec? For instance, if I can make a presumption, as you have, about something I didn't say, can I presume you are saying that in the province of Quebec there are only primarily, to give you the benefit of the doubt, two ethnic groups, English and French, and there are no other ethnic groups involved and, therefore, they do not need as much?

Mr. Maloney: That is not right.

Mr. Reid: Then what is the population of Quebec compared to ours? What is the makeup of the province from the point of view of other ethnic groups? Without making any criticism of other Ombudsmen—and I

can appreciate your sensitivity in that matter—has there been some criticism disquietude with the Ombudsman in the province of Quebec because he is not looking after these ethnic groups which supposedly you and we are in the province of Ontario?

Mr. Maloney: I have no knowledge of that at all.

Mr. Reid: Then I suppose, in response to that, the record speaks for itself. In lieu of the lack of justification for your budget in relation to Quebec, one is left with your view that you need this kind of money to carry out your function.

Mr. Maloney: That's my belief.

Mr. Reid: Maybe we should go on to some more mundane questions. How many automobiles does your office have?

Mr. Maloney: We own 11 and lease five.

Mr. Reid: How many chauffeurs do you have?

Mr. Maloney: We don't have anyone engaged as a chauffeur. I have a person on my staff, and have had since the inception of the office, in the capacity of an administrative assistant who works in the research section of the legal branch; he works on my personal staff as well and is available to drive me whenever I want to be driven. He is paid a salary as an administrative assistant and he is paid overtime at the rate of \$3.50 an hour to a maximum of \$2,500 in a fiscal year to compensate for the driving.

Mr. Reid: What does his total salary come to?

Mr. Maloney: His base salary is \$13,280, and on top of that the maximum he could earn would be another \$2,500 in a fiscal year. There was some misunderstanding last year—

Mr. Reid: I understood that you said his salary was around \$19,000 or \$20,000.

Mr. Maloney: You and I know you shouldn't believe everything you read.

Mr. Reid: I thought you said that, actually. I thought I was in a committee, in this or another room, in which you indicated that your chauffeur was getting around \$19,000 or \$20,000, but he also did research for you. I might be wrong on that.

Mr. Maloney: No. I think there was a statement to that effect in the press. Just take my word for it; that isn't right, Mr. Reid.

Mr. Reid: I certainly will take your word for that, Mr. Maloney.

These 16 automobiles that we have running around, I presume they are all based in Toronto.

Mr. Maloney: They are like the OPP automobiles and they are like the Metro Toronto automobiles, which go around wherever they have to go to do the job the officer has to do for the people of the province.

Mr. Reid: Are they ever used outside the city of Toronto?

Mr. Maloney: You bet they are. Some of them just came back from a trip to Sault Ste. Marie. They are in Guelph, Millbrook, Ottawa—you bet they are used. How an operation like ours, which is supposed to investigate complaints by the citizens, could carry on without cars, I don't know. I am not going to suggest to one of my investigators, "When you have to go to Guelph, to Mr. Worton's constituency, you hitch a ride on the road."

Mr. Worton: They are all good there.

Mr. Reid: The members have to do that, but we won't go into that now.

Mr. Maloney: You should change your—

Mr. Reid: We should have the Ombudsman doing our estimates for us.

Are all these cars in use? Are any of them stored anywhere? Are all 16 being used?

Mr. Maloney: They are all being used. Some are being used more than others. We have a system of monitoring worked out to make sure that they are used adequately. We get a report every month.

Mr. Mills: I get a mileage report at the end of every month and I get a vehicle log from each car each month.

Mr. Reid: How much are they used or not used?

Mr. Mills: There is only one car that I have calculated it for lately, and the mileage between the end of October and the end of November, projecting it through to November 30, was about 2,500 miles in the month.

Mr. Reid: As chairman of the public accounts committee, of course, I am very concerned about the way the taxpayers' money is spent. What kind of internal audit or controls do you have within your office to ensure that, for instance, the cars are not being used for personal use and that expense accounts are not being used for personal use? What kind of system do you have set up in that regard?

Mr. Mills: First of all, we have established a procedure in which it is very explicitly stated that personal use is forbidden. The onus for monitoring this is on the individual director to whom the vehicles are assigned. We verify the mileage on the vehicles at in-

tervals to make sure that it agrees with what has been reported to us.

Mr. Reid: Are you satisfied with that system?

Mr. Mills: For the time being I think it serves the purpose.

Mr. Reid: We always have trouble with this when doing estimates. It doesn't seem to matter whether it's the Ombudsman or the Treasurer. What do you mean by "for the time being it suits the purpose"?

Mr. Mills: Until I'm satisfied there is a serious abuse. Rather than alienate the staff by excessively repressive measures which implied distrust at every turn, we will go with our present system.

Mr. Reid: That certainly is a nice concept. As I understand the government system, procedures are pretty well laid down that may, to use your word, imply distrust but allow the government to ensure it gets its money's worth and that people are not abusing the system. Do you feel you are above that sort of system?

Mr. Mills: No, not by any means. I should explain some vehicles are specifically allotted to individuals like directors.

Mr. Reid: Does Ms. Adams have a vehicle, for instance?

Mr. Mills: She has one assigned through us, yes.

Mr. Reid: Does she drive it herself?

Mr. Mills: I don't think so. She is in the process of learning how to drive.

Mr. Reid: Does she have a chauffeur?

Mr. Mills: No.

Mr. Maloney: It's driven by the members of her directorate for their requirements.

Mr. Reid: Members of her staff drive that car, but Ms. Adams doesn't. You're the only one who really has a driver provided?

Mr. Maloney: That's right.

Mr. Reid: Another question, if I may, of the \$3,560,000: Under services, supplies and equipment, what amount of that is used for entertainment, for instance, your little gathering at Hart House and all the little dinners you throw on the occasion for the members of Legislature or visiting Ombudsmen or dignitaries? What does that come too?

Mr. Maloney: The little gathering at Hart House was part of a total budget that was fixed to enable Ontario to host the national conference of Canadian Ombudsmen. The amount estimated to be required for that was \$40,000. As to the cost of the dinner at Hart House, I don't know if we have the

exact figure for it here. I'm not sure what fraction of the total cost it was. But that was specially budgeted for as a very special project. Mr. Mills will have to answer about the cost of the other items in the fields that Mr. Reid is inquiring about.

Mr. Mills: I would say in a year it is probably about \$10,000.

Mr. Reid: What was the cost for that dinner at Hart House?

Mr. Mills: The figure that sticks in my mind is in the vicinity of \$5,000.

Mr. Maloney: I was going to say \$6,000. There were 325 people at it.

Mr. Mills: Yes, it's closer to \$6,000.

Mr. Maloney: This was taken into account when it was determined what the total budget would be.

Mr. Reid: That was a one-shot item, supposedly. Your general entertainment cost is somewhere in the neighbourhood of \$10,000.

That pretty well concludes my remarks. I must conclude by saying it concerns me somewhat that the Ombudsman's staff has grown somewhat like Topsy. His budget has certainly expanded fairly freely in the years he has been in operation.

[9:15]

I would just like to suggest a word of advice, if I may as a humble member of the Legislature; perhaps what is really needed here is a very careful consideration of the budget and the staffing in the Ombudsman office because I am concerned, as a member of the Legislature of some 10 years, that I have never had the staff that is available to the Ombudsman. I have never had anyone say to me, "I have not had a response from the Ombudsman's office in two or three months." This is of very vital concern to me because some of the requests for information that I have had have been due to the fact that somebody has approached your office in a situation that perhaps I have overreacted to and oversimplified in saying it is outside of the bounds of the Ombudsman, that he could have directed those people to the proper channels without requiring them to wait this period of time.

I'll say something very honestly to you, Mr. Maloney. I feel somewhat jealous of the staff and the money that is available to you as the Ombudsman, and in most cases I don't suggest that a lot of it is not necessary. However, as you are fond of saying yourself, "We're ombudsmen together", and the elected members who have gone through an election—and you understand that yourself—do not have the facilities, the staff or the

money available to carry out the kind of function that they should be carrying out and that we hope you are carrying out on behalf of the people of the province of Ontario.

Mr. Worton: I would like to follow along on something which Mr. Reid has just mentioned. I have had the pleasure of listening to Mr. Maloney on two occasions, making speeches to the university and to the Chamber of Commerce in Guelph. He has stressed the importance of the Ombudsman and the role of the members as ombudsmen elected by the people they represent.

I would like to speak now of some problems that come to me—and you have mentioned your earlier involvement with the correctional institutions, Mr. Maloney. When a member comes in here to discuss his estimates with the Minister of Correctional Services (Mr. Drea) and lays out his concerns and those of the inmates he has visited, or likewise the concerns of staff people who have visited him regarding the cutbacks that are taking place, where does your office come in when that situation happens? Do I say "Well, it would be better to go to the Ombudsman. You would get better action based on his position"? Or would it be better for me to come here and try to make the best case I can to the minister in regard to some shortcomings that I think exist in the institution in Guelph? Where does your role fit in there?

Mr. Maloney: Mr. Worton, I think you are one of those members in whose constituency there happens to be a very important penal institution.

Mr. Worton: I am very concerned about it right now, I can tell you.

Mr. Maloney: With regard to any help you may want in individual cases of grievance by prisoners that are brought to your attention, remember we're as far away as the nearest phone. We have facilities to help you. We have the staff and the expertise, I think, to assist you.

The population of any penal institution that is involuntarily detained is bound to cause a tense situation. It's bound to be a situation in which grievance will flourish, so it stands to reason that we get a fair number of complaints out of the penal institutions and jails around the province.

As I have said to the select committee on the Ombudsman, and as I have said to others on a number of occasions, our job in the Ombudsman's office would be immeasurably more difficult were it not for the degree of co-operation we receive from the Ministry of

Correctional Services in our efforts to get into the prisons and to do what we can to help the people. I think any appearance by the deputy minister or the Minister of Correctional Services before this committee on which you serve is enhanced by any questions you put to them or any suggestions you make to them. We all work hand in hand in a sense, you and I and the deputy minister who is trying to run his ministry. I don't know that I can say anything more than that.

Mr. Worton: As you can appreciate, having an institution like that in my riding, I get a number of letters from the inmates. I must say I generally make it a point to go out and visit them. In some cases, they may have contacted the Ombudsman and both of us have interviewed them or spoken to them. My problem is not coming from the inmates now; it's coming from the staff who feel that because of certain cutbacks made by the government they are put in a position that is dangerous to life and limb.

I don't want to be an alarmist—I've never been known here as being an alarmist—but I've seen what riots can do in institutions. I think you have said in the past you have certainly felt you have prevented such happenings taking place. It concerns me. I appreciate that the inmates have the member and the Ombudsman, but I can tell you right now, from my meeting recently with the staff concerning the cutbacks that the government is making, they are very concerned about their health and welfare.

In my lifetime that I have lived in Guelph, I've seen quite a few people who have given good service to the former reform institutions and now the correctional institutions. They are still going around with plates in their heads. I am just wondering whether you are ever going to be in a position to intervene and say to the minister that you think that this place is understaffed or there is too much trafficking in booze or too much trafficking in other drugs and what role you would be playing in that.

I think the new minister would be as receptive as anyone we have ever had. I can go back to Mr. Grossman's time. He was pretty fair. He would ask the member from that area to go and visit. I think we used to have steak on those days when maybe they had a hamburger and fish on other days. They made that special tribute to us.

Mr. Reid: Better than the Legislature dining room.

Mr. Worton: What I am really concerned about is that while I know your staff would be coming to the aid of the inmate, I am wondering who is going to determine whether

the proper amount of staff to run an institution of 600 or 700 is adequate so that they can go home to their families at night and not have to worry about being run over and dictated to by people who are in there. Some of them always feel they are in there for unjust reasons, but they went through the natural process. If there was any abuse or if they didn't get proper care, rightly so I would be concerned. I'm very concerned right now about the staffing of that institution and I just want to know where you go from here.

Mr. Maloney: Mr. Worton, we try to make clear to the correctional officers in the various institutions that they have a right to lodge complaints with us too. Indeed some of them do, but not on anything like the scale the inmates do. They have every right to lodge a complaint with us in the areas you are talking about. As a matter of fact, one of the matters that generated the inquiry into the prisons was complaints along these lines from correctional officers. When you see the report that will be released to the public, as I say, I would think in the month of December, you'll see we address ourselves to the very same questions you are raising.

Mr. Worton: I hope you have, because I am very worried about it.

Mr. Maloney: You'll see that we make recommendations in respect to them. I don't think, because of the provisions of the Act, I am at liberty to go into them in more detail tonight at this stage, but when you see the report you will see what I mean.

It seems to me the more I see the Office of the Ombudsman function, insofar as the prison population of the province is concerned and the people who are involuntarily detained as patients in psychiatric facilities, the office has the very great advantage of acquiring an overall view of the whole setup. We have people who are going to prison in Millbrook, Guelph or Maplehurst or the centres up in the north, and they are coming back with a fairly closely knit staff under the direction of Phil Patterson. They come back with an overview of the situation which you'll see reflected, I think, in this report that you're going to see soon.

As our visits to these institutions continue and we interview prisoners it is our plan to make observations that we will record. We will see to it that these are communicated with appropriate recommendations to the deputy minister and myself. And I hope we will take care of the very sort of problem you're concerned about.

Mr. Worton: These people who have come

to see me from time to time in the past two years are not people who have come along beating the drums for the association, the union, or whatever they call what they belong to. They've just come along with genuine concern about the number they are allowed, the overtime that's being spent, the lack of staff and the increase in drugs that are passing through this particular institution. Quite frankly, this is where I get concerned about my role as a member. Do I complain to the minister or should I say, "Let's have an independent look at it. Let the Ombudsman do it"?

Mr. Maloney: You can always feel free to come to us, because in the legislation you helped enact, you made special provision for the right of the MPP to make a complaint to the Ombudsman on behalf of anyone who complained to him in his constituency. Without interfering in any way with your right to go to the minister or to the deputy minister, you have a very clear right to come to the Ombudsman. We'll put to work all our resources on any complaints from MPPs.

Mr. Worton: Do you feel that in this report, when it comes, there will be some clear statement of what your feelings are about the overall operation of all our correctional institutions?

Mr. Maloney: I think you will find that we will come up with some recommendations with which you will agree and which are right in the very area we're talking about.

Mr. Worton: If there is anything I hate, like hell, it's bellyaching. I'd rather find solutions. I hope you can find them.

Mr. Maloney: I hope that when you see the report, if it hasn't lived up to my expectations, you won't hesitate to bellyache to me, Mr. Worton.

Mr. Ruston: Mr. Chairman: I have a few things in the operations that I want to speak on. In a way, I have a great deal of sympathy with the Ombudsman's involvement in the Pickering project, having sat on the select committee when we had to try to work out some kind of a solution. I'm not sure if our solution was proper; however, we have to live with it. I was especially concerned when I heard tonight of the cost of the one hearing, and that the other one hasn't come to anything—at least one of them is going to be resolved eventually, while I just don't know where the other one is going as far as the commission is concerned.

What it goes back to—and it's no use

rehashing it here, of course—is the planning in the whole Pickering project which caused so many of the problems, and, of course, the method of purchasing property, which to some extent is still carried on in other agencies of the government in a similar fashion, although probably not to the same extent. The same types of operational methods, and maybe even some of the same words, used by agents purchasing property for the government were also employed to some extent by Ontario Hydro in its negotiations to try to acquire property in our area, and in many other areas, too, I'm sure. That is a real concern.

[9:30]

We simply have to avoid these kinds of situations in the future. With your experience now, this being one of your major involvements in that type of a project, I hope that maybe you and your staff have learned something from it. I'm sure you have. Probably in your original investigation of it and your report back to the minister, I have a feeling if you had to do it over again there would have been some changes in them. At least I would have hoped so, and I am pretty sure there would have been. That may be a costly experience but I hope it will be a good experience for your office. I hope, too, that the ministry and purchasing agents of the government will see what this has cost us and the problems it has caused, so it may alleviate the situation in the future.

What concerns me to some extent in your general operations is the number of people who come to you with problems that are classed as private. I was looking over one group of complaints in 1975 when you had hearings in Windsor. There were 12 Workmen's Compensation Board complaints and 24 private complaints. The others concerned federal and municipal governments, the courts and so forth.

What I am getting at is that for workmen's compensation cases, for instance, you really don't have any jurisdiction until they have appealed the decisions to the board. However when people come to you, you try to alleviate the problems they have at that time. Your investigators then contact the Workmen's Compensation Board if the pension is too low or the payments are a month or two behind and the people need the money. That is the type of thing we get too. I understand you call or visit the Workmen's Compensation Board to try to get the problems alleviated as soon as possible. It seems to me that is a problem of that particular board. In turn, you are hiring staff in your office to look after something which, as far as I

am concerned, should be taken care of by the board or its people. I don't know whether part of the solution would be to have some of the staff you are using to help these people in the board as workmen's consultants. I think they only have about two or three now. I don't think I have had much occasion to use them, although some of the members have. They will act on behalf of a client. The amount of time you have to spend in your office on complaints about the Workmen's Compensation Board concerns me. In effect, you cannot make a decision on a complaint until they have appealed the decision through the full process. You are tying up many of your staff to look after these complaints.

I don't know what the answer is. We had the Workmen's Compensation Board at the committee when I was here. We were under the impression that they might alleviate some of these problems to avoid all this. It doesn't seem to have happened. I just think that is the place or, heaven help us, I don't know what it is. I know in Workmen's Compensation Board cases in our own office, some individual complaints can take days to get solved or put in the right rack or filed horizontally instead of vertically. It is just unbelievable.

The thing that bothers me is that in your budget you have an amount—I don't know what it might cost—just to look after workmen's compensation claims which, in effect, are not your responsibility until they have gone the whole appeal route. There might be \$500,000 in there just for staffing and looking after that. It seems to me that should be the responsibility of the Workmen's Compensation Board.

I hate to see a budget that has to be increased because of someone else's laxity. I really believe that is what it is. We are concerned, as is everybody, about budgets. We are in a very bad situation in Windsor, where the government is closing down one of our chronic care hospitals. That has caused an awful lot of uneasiness for many people. They closed the OHIP office and 50 people were laid off just like that, effective the end of December.

Then we have to vote an increase in your budget of \$1 million or whatever it might be. It is bound to be of concern to me under those circumstances. When I see the number of complaints your office has that really should not be your responsibility, I wonder whether you should direct them to some other route.

In the last three years the federal members have been allowed a constituency

office and provincial members have been allowed a constituency office and we have started up an Ombudsman's office. With your budget and the budget of these two federal and provincial constituency offices, we are now probably paying \$10 million or \$15 million to look after complaints of some agency of government. It must be the way we set up these programs of government that we have to go this route. Then there are also community agencies, some of which are funded by drives in the community. This really is of concern to me.

I was interested in what you said about Quebec and their Ombudsman, who has a staff of 38. If we were to carry that forward in Ontario we would have a staff relative to the population of maybe 75 or 80. But maybe that is part of the fault of the political process. I see Ottawa is thinking of having one now. Maybe it is part of the problem of our political process where governments that remain in power so long seem to get into a certain rut—I don't know if that is the best word a person could use or not—and they add all these new functions of government. As they build we seem to lose sight of what we are really supposed to be doing and whom we are really supposed to be serving.

As much as this isn't your—I'm talking generally of your office and the offices we members now have available and those of the federal members. That concerns me a great deal. I just don't know where we are going on this.

Could you tell me how many people you have now who actually do work only in regard to workmen's compensation complaints?

Mr. Maloney: In that particular directorate—we call it the directorate of special services, and it includes workmen's compensation, mentally retarded, juveniles—

Mr. Van Horne: Mentally retarded juveniles?

Mr. Maloney: No, juveniles and mentally retarded—anyone mentally retarded.

Mr. Van Horne: How many are in that directorate?

Mr. Maloney: There are 14, including secretarial staff. Of that group those who concentrate on workmen's compensation number seven. Although if they go out on tours around the province and they don't get many inquiries in a particular place on workmen's compensation, they will be able to conduct interviews in relation to other problems as well.

Mr. Ruston: Would they be handling

mostly workmen's compensation complaints that would not necessarily be in your jurisdiction in the sense that the people have not appealed them as far as they could appeal them?

Mr. Maloney: They would work in any problem relating to workmen's compensation. For example, a problem might come to us about a delay in payment or something of that sort which we would have jurisdiction to look into right away. But if the problem that is brought to our doorstep relates to whether an award should have been made, how much the award was or the amount of the pension, that is something the Act doesn't permit us to effectively take action on until the existing appeal procedures have been exhausted.

What we try to do in any problem that is brought to us that is not in our jurisdiction at any time or at a particular stage is to give the citizen as much help as we can. We felt we had a duty, where problems outside our jurisdiction were brought to us, to look upon the citizen as a taxpayer who has contributed to the cost of our operation, who is confused and who is entitled to all the assistance he can get from us as to where he ought to go with his complaint and how he should handle it.

As I was listening to your very understandable concern about the number of agencies that now exist—you talked about the federal MP's office and the provincial MPP's office—I suppose the total cost is very considerable. But even if the total cost of the Ombudsman, and of the provincial MPP's offices is \$12 million, say, is it not reassuring to know that in a bureaucracy that costs \$13 billion or almost \$14 billion to run annually, at least that much is set aside to protect the rights of the ordinary citizen who has a grievance against it?

There is another thing about the office of the Ombudsman that I think is important; that is, the jurisdiction you gave it to do certain things that would not be feasible for you to attempt to do yourself. You spoke of the speech I gave and that you heard. If 125 MPPs had the power to enter the government offices, demand the production of government files, hold hearings and give the oath, it would lead to chaos.

I think this is the real advantage the Ombudsman has and why you wisely and prudently delegate that function to one person. It seems to me we're all arms of the same system that is set up to assist the citizen and we can all be working in collaboration with each other. In other words, if you got

a complaint which you think merits the kind of hearing I am talking about—the production of government files and their examination—in your capacity as an MPP you refer that part of the complaint to me under the Act, and I utilize or put into motion the powers I have got under the Act.

This operation is still relatively new—we've been two and a half years in operation—and more and more of the MPPs are beginning to use the office, I seem to perceive. It seems to me that when we have been functioning a lot longer and when people get more accustomed to what the Ombudsman's function is and how it can operate, you'll find that it will operate more satisfactorily. I wouldn't like to see any of the services that are being provided to the people, at the cost we suggested, done away with. I really think this Ombudsman function, the more I see of it, can work hand in hand with the Legislature and can do an awful lot, with you, for the people.

Mr. Worton: When it comes right down to the crunch and you give certain recommendations that things be done, whether it be the ministry I was talking about or whether it be workmen's compensation, and they say no, where do you go from there?

Mr. Maloney: From there, Mr. Worton, here is what happens: First of all, we don't have a bad record of success as far as our recommendations are concerned. But in the cases that are left in our jurisdiction where we have made recommendations that the board, agency, commissioner or minister won't carry out, we can if we want go to the Premier and ask his support. If he does not give it to us, we can go to the Legislature.

We do that by going through the medium of the select committee on the ombudsman, which is one of the very important developments of the Ombudsman operation in this country, not just this province. We're the first Ombudsman operation that has a corridor of access to the Legislature itself; and it's an effective corridor, because the select committee can study our reports, can determine which of the recommendations it thinks should have been carried out, can try to persuade and cajole the board or the ministry to carry them out and, failing that, can file a report with the Legislature and move its adoption. This generates a debate in the Legislature and will precipitate a vote.

So the ultimate sanction of the Ombudsman is the Legislature. We now have an effective channel of communication with the

Legislature through the intervention of a select committee. That's where it leads to. [9:45]

Mr. Worton: I appreciate you have a channel, but I don't know how you are going to influence an elected body, regardless of what political party it is that has the responsibility of the electorate to govern the province. There is no question that if some individual is going to get hurt, public sympathy or the press or something like that is going to make the politician sit up and take notice. I am just wondering in the end, when it comes down to the crunch, are you going to be the master or are the elected people going to be the master?

Mr. Maloney: The Ombudsman is only an officer of the Legislature.

Mr. Worton: I know.

Mr. Maloney: The master has to be the Legislature. The day it ceases to be the master we are not living in a very good society.

Mr. Worton: I have seen some changes here from a 98-member House to now a 125-member House. I have seen the opposition as low as 14 in number and now I see a minority government in operation. I am just wondering what success you will have in getting some things done in some areas that should be corrected. My sympathy is with you, but I don't think it will be the Ombudsman alone who in the end will make a decision that will stick.

Mr. Maloney: I think the Ombudsman function around the world has indicated it has a pretty fair track record.

Mr. Worton: You have a good record. I am not questioning that.

Mr. Van Horne: It helps if you are a Tory; let's face it.

Mr. Worton: Rightly so, the way our democratic system has developed, it is the party with the most seats that has the control of the purse strings. I am just wondering what will happen in the end, whether it be Pickering, my jail in Guelph, the compensation or whatever. The road to hell is paved with good intentions. If you don't get a government that is listening, then it has to be the people in the end who are going to say, "It is time for you to go, boys," and me too. Those are just the thoughts of a baker from Guelph.

Mr. Ruston: Lots of dough. Another directorate you have is rural, agricultural and municipal services. What is the total staff in that directorate or does it work with other areas now?

Mr. Maloney: It has a staff of four. When investigations have to be conducted that call for additional assistance, the director goes to the director of investigations to get the assistance of investigators. He carries on with a basic staff of four.

Mr. Ruston: I am not sure that I agree with the member for Lakeshore (Mr. Lawlor), although I do on some occasions, that your area of responsibility should be expanded to all government, which would include municipal government. At the present time, do you have jurisdiction to investigate any decision by the Ontario Municipal Board? It is not classed as a court?

Mr. Maloney: No, the Ontario Municipal Board is a governmental organization of the province of Ontario which on first blush is within our jurisdiction. There is a little hitch.

Mr. Ruston: Yes, I recall that.

Mr. Maloney: There is a right of appeal to the cabinet and the decisions of the cabinet are out of our jurisdiction. There is kind of a limbo, though, between the decision and the appeal to the cabinet, which I am inclined to think gives me status to make a submission on behalf of the complaining citizen to the cabinet.

Mr. Kerrio: That's the Treasurer's ground.

Mr. Maloney: There is some dissension in the ranks in the office as to whether I am right about that.

Mr. Kerrio: I couldn't resist that.

Mr. Ruston: Many of the decisions made by municipalities, planning boards and such things can be appealed to the Ontario Municipal Board. Then there is an appeal to the cabinet.

Mr. Maloney: There is an intermediate sort of area where we can be of some help. For example, we have succeeded in getting the Municipal Board to hold a rehearing of something. To extend the time for appealing or to give leave to appeal and that sort of thing are areas where we have been able to be of some help. Basically we are confronted with that problem of the right of appeal being to the cabinet whose decisions are out of our jurisdiction.

Mr. Ruston: I suppose Mr. Mills could answer this. Are you now having your cars purchased by the Ministry of Transportation and Communications?

Mr. Mills: Yes. The last cars we purchased were from MTC.

Mr. Ruston: I think that is all I have right now that I can think of.

Mr. Kerrio: Mr. Maloney, in your opening

remarks there was some suggestion that a consultant was brought in to analyse the wage structure, within the definition of the people who were hired or contracted for by your office. One thing concerns me. I would like some reassurance that this consultant firm, in the analysis of the wage structure, compared wages with the private sector rather than other bureaucratic arms of government. I raise that question for this reason: there are those, including the highest minister of our land, who suggest the free enterprise system isn't working.

Mr. Ziemba: That's your leader.

Mr. Kerrio: I have a grave concern that unless we structure consultants' comparisons with the private sector, and not the bureaucracy, that in a short while, unless you work for the government, you will be a second-rate citizen. That is a strong statement, but I make it anyway.

I have seen arbitration settlements where the arbitrator came from a sector that I considered was overpaid to make a settlement where one party was seeking 12 per cent and the other party was holding out for 14 per cent, and the arbitrator came in and settled for 17 per cent.

My concern in the society as it exists today, and particularly in the bureaucracy, is that we address ourselves—I hope you take this in the light that it is given; I hope you feel the responsibility of making certain that those people hired within your office, and very possibly in other ministries, are subject to the kind of comparison where the free enterpriser isn't put at a disadvantage, where the government pays more money to those people who do a comparable job. If we do, we default in two ways: We take those people whom we need from the private sector, the diligent ones, the kind who assert themselves to generate tax dollars, and we put them in government; and we are not restrained to keep them in line with the private sector. I hope you might relate to that.

Mr. Maloney: Let me just ask something of Mr. Mills, arising out of that: where did they compare them?

Here's the copy of the Hickling-Johnston report on the salary study. They said the organizations they contacted in the external service are: "Government of Ontario"—then they enumerated: "Securities Commission, Consumer and Commercial Relations, Community and Social Services, Attorney General, Human Rights Commission, Provincial Police, Police Commission, Civil Service Commission, Law Reform Commission, Ministry of Correctional Services, Office of the Assembly."

Mr. Worton: MPPs?

Mr. Maloney: No, but if you increase the jurisdiction of the Ombudsman to assist the MPPs in achieving their rightful place in the galaxy, I will be glad to assist.

It goes on: "The federal government: Pay Research Bureau, RCMP, Unemployment Insurance Commission, Department of Indian and Northern Affairs, Manpower and Immigration, Penitentiary Service, Solicitor General, the correctional investigator." Outside the government of Ontario and the federal government they contacted: "Metro Housing, provincial Legal Aid, the Office of the Ombudsman in Alberta, Toronto Board of Trade, clerical salary survey of 1976."

Mr. Kerrio: Exactly what I am talking about, Mr. Ombudsman. You can see what is happening.

Mr. Maloney: We didn't go very much outside the public sector.

Mr. Kerrio: No. The reference has been made that the free enterprise system is having a difficult time, and I am suggesting to you that there is no real comparison between the bureaucrat or the person who has his hand in the public purse, and what the free enterpriser has to put up with in the hiring of people. Those kind of comparisons perpetuate the sort of thing that concerns me.

As I suggested to you before, in a particular area that I am very familiar with we had an arbitrator who came from a very highly paid sector, working for the government, arbitrating on behalf of some people in that same line. Naturally, the arbitration and settlements were always on the high side. I'm very concerned, as a proponent of the free enterprise system, that this is unfair competition. I don't know what we're going to do about it but it poses a question.

Mr. Maloney: I certainly wouldn't mind canvassing Hickling-Johnston to see if they could supplement this study with any other knowledge they would have in the private sector, as you say, and passing on to you whatever I find out, Mr. Kerrio. I appreciate the point you raised and your concern.

Mr. Kerrio: Thank you.

Mr. McClellan: This doesn't have anything to do with your contracting business, does it?

Mr. Kerrio: Yes, it does. It has to do with both. It is a hell of a job that the free enterpriser has in this country today.

Mr. McClellan: And a socialist as well.

Mr. Chairman: It's a gambler's situation.

Mr. McClellan: At \$4.50 an hour, a chiselling cheapskate.

Mrs. Campbell: I would like to enter into the discussion, if I may, about the whole matter of the Correctional Services report because I am concerned about the method in which this has proceeded. It seems to me that most of us in the House, particularly in this caucus, are very supportive of the whole principle of the Ombudsman's office. That support is based on the fact that the Ombudsman is completely non-partisan in his approach to any given situation and seeks without fear or favour to adjust rights.

With this Correctional Services report, I have a constant feeling that we have proceeded in the way which does damage in part to that perception because of the fact that the matter has gone to the minister. We recognize there were people who had to be consulted because they may have been adversely affected and those of them quite apart from the ministry. But I still have great concern about having that report in its final form released by the ministry rather than by the Ombudsman.

I just feel that's not in keeping with the general thrust as we've read the reports that have come out from the Ombudsman on the various cases his staff have studied. The procedure for the most part has been to send your letter to get the response in a simple matter and then to report on the original and on the response. I recognize that this is a report which is quite beyond the normal kind of reporting.

I would like some comment from the Ombudsman. Once you have the minister getting the report in draft, reviewing it with you and then releasing the final report after the discussion and the rest, I have the uneasy feeling that maybe the report we're getting is really not the report with any of the very proper concerns expressed of the ministry.

I don't understand why this confidentiality is any different, except in volume, from any of the other reports which we study. I really have deep concerns about the Ombudsman coming and saying to us he knows that the minister has said he will release it. I don't think he should be the one releasing it. I still have that nagging problem.

Mr. Maloney: Mrs. Campbell, you raise a point I've taken a stand on too, although perhaps not as generally as you have. I've taken the position that the Ombudsman should have the jurisdiction to release any report on his own initiative that he in his discretion should release. I had it in mind to exercise that power where the minister or the complainant declined to release it.

You seem to suggest, if I understand you correctly, that the Ombudsman should have the power to release it, period, regardless of whether the minister releases it or not.
[10:00]

Mrs. Campbell: After you have given the minister the opportunity to respond, it still seems to me that should be your report with your comment as to wherein the minister is accepting or rejecting what you have said.

Mr. Maloney: When you see the report, I think you will find, notwithstanding the procedures we followed because of the unique circumstance of this report, that whatever criticisms we make of places or things or people are still there. When you see the report, you may find that some of those criticisms have been acted upon rather than waiting for the report to be delivered. I don't think they can be faulted for that; I was happy about some of those things. I think you will find that will be your reaction to the report.

It was a unique problem. At the outset we had more than 100 complaints from prisoners all over the province; that's been augmented many times in the past two years. We had this press release delivered to the public by the CSAO, as it was then known, and it just didn't seem sensible to try to conduct isolated investigations. So we had a sort of omnibus inquiry. It involved two years of study, ongoing examinations of these institutions by employees of the office who went to see them and prisoners in them; it became a fairly huge effort.

Under the Act, the ministry has the right to make representations in respect to any matter where we might be making a comment that would affect them adversely. I thought it would assist in the simplification of the task if they had a chance to look at the draft and say to us, "Here are the areas in which we wish to make representations," so that I didn't have to imagine and ferret out on my own whether there were going to be 100 areas or 20 areas. They looked it over. This is the way it worked: They sent back that draft with their concurrence in what may have been said on this particular page and with their criticism of what may have been said on that particular page. We looked it over and adhered to what we said or amended what we said in view of what they brought to our attention.

It was a very co-operative process between me and the ministry, and I was very impressed by the ministry for that reason. Basically, the report is going to be one you will feel makes a good contribution to the

whole correctional system. I think you will find it still contains the criticisms we made; even where the criticism was acted upon, it is still there. You will be pleased with it; at least, I hope you will feel it lives up to your expectations.

Mrs. Campbell: Mr. Chairman, I am not faulting the report or the procedure by which the ministry has the right and indeed, I suppose, the obligation, to respond to criticism. What bothers me is that, in essence, it no longer is your report when it is released by the minister. It is a report which he has received and which he releases at his discretion. The minister says he will be releasing it within 24 hours of the time he has it. That's delightful. We're happy. But that shouldn't be his determination, otherwise you become by appearance almost an arm of the minister, rather than the independent servant of the Legislature and the people of the province. I think there is a great difference.

Mr. Maloney: I see the point you're making. A simple amendment to this is going to make all the difference insofar as that's concerned, Mrs. Campbell, and it's an amendment with which I would concur.

Mr. McClellan: Since I had the opportunity to sit on the select committee and had excessive opportunity to question the Ombudsman and his staff, I just want to ask a couple of brief questions. What is the status now of the Correctional Services report in terms of the timing? When might we expect the final draft to go back to the minister for his release within 24 hours?

Mr. Maloney: I'm hoping we'll hear from the Ministry of Correctional Service tomorrow with any last-minute representations it wants to make with respect to the draft of the report that is now in its possession.

I don't anticipate there is going to be much in the way of controversy at this stage. If that's correct, then it's a question of revising the report, if we see fit to do so, in the light of whatever representations we get tomorrow or the next day and then sending it to the minister.

I would expect that would happen in the very near future. In view of his commitment to release the report to the public very shortly after he gets it, I would be pretty confident that the report will go public in December—maybe in the middle of December or the third week of December.

Mr. McClellan: Thank you. That's helpful.

Mr. Ziemba: Was the original report completed last spring?

Mr. Maloney: The original report to me by

the investigators of their observations was received by me in May or June.

Mr. Ziemba: Just before the election. I remember it came up that it might be embarrassing to the government and that's why you held back.

Mr. Maloney: Oh, no. It could never have been released at that stage. Allowing for the procrastination we all sometimes indulge in, the earliest it could have been finalized would have been maybe a month ago. I'd be happier if it had been finalized.

Mr. Ziemba: So the ministry just got it a month ago?

Mr. Maloney: They saw the original draft to me of the report to the investigators. They've had that since May or June. But we've been negotiating on it back and forth over the summer months.

Mr. Ziemba: Rather than calling it a report, because we're used to reports, perhaps this is more of a summary of problems you've dealt with—some resolved, some unresolved and some we should be dealing with. Perhaps that would be something that Mrs. Campbell could be more comfortable with, because I think all of us, as opposition members, look for reports we can use in our day-to-day opposition.

Mr. Ashe: Do you have a list of speakers, Mr. Chairman?

Mr. Vice-Chairman: Yes, and Mr. McClellan is on the list. He's allowing his associate to have a supplementary.

Mr. Maloney: Can I answer that, Mr. Chairman? The Act calls what I'm doing a report containing my conclusions and recommendations. In other words, that's the name given to the document that will soon be released, so I am pretty well stuck with that terminology, Mr. Ziemba.

Mr. McClellan: One thing I've never been clear about is the extent to which the Correctional Services report deals with juvenile corrections, if at all.

Mr. Maloney: It will not deal with them. There will be a separate report that is now in a similar process of negotiation and discussion with the new ministry to which it has been transferred.

Mr. McClellan: Since it's in the same process, when might we expect the final report to be going to the minister, although in that case we don't have a commitment of its release within 24 hours?

Mr. Maloney: Ms. Adams seems to indicate March at the earliest. If we can put it in advance of that, I'm going to try. I'll have to

chat with her about expediting it, but we'll have it in the new year.

Mr. McClellan: Mr. Worton alluded indirectly to the recent tragedy at Hillcrest school. I wanted to ask you if you were aware of allegations in the press that staff of the Hillcrest school had instructed a fairly large young man, who was a resident at the Hillcrest school, to beat up a youngster who had written to you.

Mr. Maloney: I would have to check with Ms. Adams's directorate as to whether we received such a complaint.

Mr. McClellan: This article appeared in the Toronto Star.

Mr. Maloney: I don't like to communicate with Ms. Adams by nodding the head back and forth. Could I suggest we find out about it after and let you know?

Mr. McClellan: In a nutshell: Does the Ombudsman feel he may have something to contribute either directly or indirectly to the coroner's inquest, when it is held in December, with respect to the death of Robert Shepherd?

Mr. Maloney: It is not likely. We are not at liberty to send the material we discover by virtue of our investigations to anybody, including the coroner for his inquest.

Mr. Worton: Would you get reports from the coroner?

Mr. Maloney: Yes, we sometimes get recommendations made to us from coroners' inquests.

Mr. Ashe: Mr. Chairman, I have a few questions and follow-up comments on some of the points and discussions that have already taken place.

The first one I would like to ask Mr. Maloney relates to his dealings with penal institutions. Albeit outside the report you are speaking about, can you give me any background as to the percentage of time and the number of staff that are involved, more or less full time, investigating complaints or liaising with inmates of institutions? I am not talking about staff, but inmates of penal institutions.

Mr. Maloney: The total number of employees on the staff of correctional psychiatric services directorate—they deal with both—is 13, including three secretaries. Of that number six, plus the director, who is director of both aspects of it, are charged with the responsibility of investigating complaints that come to us from jails or detention centres. Mr. Hainey tells me that 20 per cent, maybe as high as 25 per cent, of our total com-

plaints are from penal institutions or psychiatric facilities.

Mr. Ashe: Do you have any breakdown of approximately what percentage of complaints comes from inmates versus staff?

Mr. Maloney: By far the largest percentage comes from inmates. We get a minimal number of complaints from staff. Would you agree with that?

Mr. Hainey: Oh, yes. Definitely.

Mr. Maloney: I would say at least 90 per cent.

Mr. Ashe: In complaints from inmates, does your staff spend any great amount of time in what I would refer to as the legal aspect—where an inmate is complaining about injustice in the court system? I suppose 95 per cent of those who are institutionalized feel they are not guilty, they were harshly dealt with by the courts, or their sentence is not in relationship to their offence or vice versa? Or is it more in the area of their treatment? Or are they not happy that they are situated at Sutton Place instead of the Royal York? In what area is the principal concentration of concerns from inmates?

Mr. Maloney: Good as some of the institutions are, none of them holds a candle to Sutton Place or the Royal York.

Mr. Ashe: I'm glad to hear you have been at both.

[10:15]

Mr. Maloney: The prisoner who complains to us about his sentence being too harsh, or his conviction being unjust, raises a problem that is of course outside our jurisdiction. That is a matter that belongs in the realm and domain of the courts. We so advise him. We tell him how he can assert his rights, who he can go to—he can go to Legal Aid if he is without funds—and what remedies are open to him, but we can't do anything about them.

That leaves us with complaints relating to areas like inadequacy of medical treatment, dental treatment, unfair segregation, poor food, cold food, insufficient visiting privileges, not being given temporary absence, and parole problems. Those are the things that occur to me off the top of my head.

Mr. Ashe: I really wish this was the most pressing problem we had in this province and country. I am really trying to pass on, in my own way, what John Q. Public, who picks up the tab, feels—how we baby the people in our penal institutions. It seems we are going overboard in that regard. Believe it or not, that is the feeling of John Q. Public, who picks up the tab.

Mr. Ziembra: With the minister talking about chain gangs? Come on!

Mr. Ashe: I am sure there are exceptions and some legitimate complaints. But I would hope your staff tries to sort these out very quickly and doesn't spend an awful lot of time on them giving the impression that any little complaint will take up a lot of investigation time. Let's not kid ourselves: in the system we have, the word spreads. You are now talking of half a dozen people. On the basis that word does spread, that could become 12, 18 or 24. Before you know it, we will need a whole division of 123 people just to deal with them. That is a concern I have, and it has been expressed to me on a fairly regular basis by constituents.

Unfortunately I couldn't be here at the very beginning, but I understand you threw out a figure on the North Pickering expense. To me, that has been the greatest waste of money ever expended in this province, directly or indirectly. It is too bad, but it is a fact.

It just so happens I am fairly close to this one. As you well know, I was deputy reeve of the municipality and then mayor, from the time of the announcement of the North Pickering project right up until a few months ago. I was involved to some degree, albeit not on a direct basis; the dealings were with the province, and, a little farther north, with the federal government, and then ultimately with your office.

But I can pass on to you my knowledge of the situation and the knowledge of most people in that area. Again I have to say "most," because I am sure the odd person probably was not correctly done by. I can appreciate your job. But it really is kind of a laughing-stock in Pickering and area, how most people, including some of the complainants, cried all the way to the bank. When I see them billed nearly \$400,000 on one aspect of the investigation to date, I see the taxpayers are still crying.

I appreciate that is a statement, and I feel I should give you some opportunity to respond.

Mr. Maloney: I have been responding to that statement since God knows when. Bear in mind this: the Ombudsman has no control over who complains to him. The Ombudsman has a duty to accept the complaints that come to him. If I wanted to be a politician in the performance of my duties, obviously I would have recognized that complaints to the Ombudsman from the land owners of Pickering were not going to make him a politically popular figure. But the day the Ombudsman of this province starts rationalizing complaints on

that basis, the office will fail and collapse. It is not going to happen under me.

When they complained to me, they had a right to have their complaints looked into. They had a right to have them investigated, and they were. I had a duty to come up with the recommendations I thought appropriate. If they laughed all the way to the bank, there is nothing I can do about it. I just did my job.

I am not going to allow myself to be diverted in the performance of my functions by irrelevant considerations about whether it's a popular thing to do or not, because I'll get myself, you in the Legislature, and the whole function of the Ombudsman, into trouble if I do that. I got a very insulting letter from a former member of the Legislature of this province—not from your area—talking about me being the friend of the propertied classes and the land owners, as though I had some control over who I could accept complaints from.

To go back to your prison problem, the Act provides, as do many acts, that inmates of prisons in the province and patients in psychiatric facilities have a right to write to the Office of the Ombudsman without their letters even being opened. A very special status is conferred upon them, and this is wise. I think it is a very good idea that inmates of these institutions know they can turn in confidentiality to an independent functionary like an Ombudsman. The guards and the correctional officers increasingly should begin to realize they can do likewise.

Certainly, if you were to persuade your colleagues in the Legislature to amend the Act to provide that I ought not to have jurisdiction to deal with complaints from prisoners, I would feel very sad. But at least it would certainly relieve us of a lot of the work in our office.

Mr. Ashe: The last question, Mr. Chairman, is on the Workmen's Compensation Board. I guess it relates to and overlaps to some degree on all of your functions. Is there ever any attempt—I am not speaking of you personally, Mr. Maloney; I am speaking of the staff who are actually in the field doing the investigations—to try to put a report in some proper light and some proper context?

Let's not kid ourselves: Anything that comes out that is detrimental to anyone, whether it be a government, an institution or an individual, is highlighted. That is the job of the press, and I appreciate that, but it comes out in one light. Is any part of the terms of reference of an investigating person to try to put a complaint in context?

If you have someone dealing with a particular body and they deal with 100 cases a week, 99 are fairly dealt with. I appreciate that the one improperly dealt with, perceived to be improperly dealt with, has every right to appeal. But does the report in any way indicate to you or to whomever the fact that 99 per cent of the time justice is done? It would put an error, a mistake in judgment or whatever, in more proper context than the way things come out.

For example, I understand that 91 per cent of the Workmen's Compensation Board claims are handled expeditiously, fairly and so on. Nine per cent to varying degrees are too slowly or improperly dealt with. Do your investigators have that in their minds in their reporting or final summation, in the reporting relationship through you?

Mr. Maloney: My answer to that would be an unequivocal yes. If your Ombudsman function is to succeed here as it will succeed anywhere else, it has got to be objective. It's our duty to vindicate the bureaucrat when he is unfairly accused or when allegations of unfairness have been made unjustifiably against him. The day I or my staff am not prepared to do that, the Ombudsman's office will fail. An analysis of our report will show that we have never hesitated to vindicate the bureaucrat in the many cases where we felt his vindication was justified and deserved.

Insofar as the Workmen's Compensation Board is concerned, if I recall rightly, in my last report I went to some pains to point out that the ratio of complaints to the total number of cases that could have been brought to our attention made its track record look pretty fair. We didn't do that in the first report; and I regretted that we didn't. But we certainly made it clear in the second report, and I hope you will always find us adhering to this policy of objectivity.

Mr. Ashe: I would hope that would continue. As you indicated, I think it was a real plus in the second report compared to the first. I have read some of your individual reports back to an individual complainant. In any I have read where you vindicated the person whom the complaint was about, I thought that was a real plus. It is one thing to say "not guilty," but it is another to have a little pat on the back. I commend you for that and would hope that is something that will be stressed continuously to your staff, because sometimes they can forget.

Mr. Maloney: Good, we will bear that in mind, Mr. Ashe.

Mr. Lawlor: It is almost time. A general question: Do you still retain an Ombudsman's

group, so to speak, in your office? Is it separate and distinct from the other headings that we have?

Mr. Maloney: The staff that are personally related to my particular office?

Mr. Lawlor: I am looking at your estimates for 1976-77, and in the breakdown the Ombudsman's group led off. There were seven members of that group at the time. Is the situation the same in that group?

Mr. Maloney: The Ombudsman's group consists of 11 people. It includes, for example, Mr. Page and Miss C. M. Martin, who carry out my responsibilities in Queen's Park. It also includes three ladies who handle my secretarial work plus the opening of the mail. Every letter that comes into the Office of the Ombudsman is opened in my office by a member of what we call the Ombudsman's group. There is also Mr. Glen Hainey, executive assistant to the office, and his secretary. In addition, there is Stephen Jones, who is the administrative assistant, and Janet Orved, who assists in work on the next report.

I should point out, Mr. Lawlor, that we will have a third Ombudsman's report ready for release—Glen Hainey tells me mid-January; I would like to think it might be a little before that.

Mr. Lawlor: That will be very helpful. On intensive investigations under that particular heading, I am not quite sure what intensive investigations are, but have you launched any recent ones? I would take Pickering and Correctional Services as being intensive. Has there been anything similar to that across-the-board investigation, of which I approve but which brought a lot of criticism from members as to your frontal approach on an across-the-board basis? Is that partially connected with intensive investigation?

Mr. Maloney: The South Cayuga land assembly is one of the investigations that would fall under this category, where we have 14 complainants whose complaints we are investigating in a sort of omnibus fashion. There's also the Algonquin Park leaseholders—

Mr. Ruston: Rondeau Park?

Mr. Maloney: Rondeau Park is a separate one, although that would have been involved in our earlier report. It is still under investigation. There's also the Lake Erie fisheries case from Essex; children with learning disabilities; Ontario home buyers; salt spray. I was going to say Salisbury—but salt spray, yes.

Mr. Vice-Chairman: It is now 10:30 p.m. These estimates are supposed to continue tomorrow night commencing at 8 o'clock.

The committee adjourned at 10:30 p.m.

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- Office of the Ombudsman officials taking part:
Arthur E. Maloney, QC, Ombudsman
G. A. Hailey, Executive Assistant
J. A. Mills, Director of Administration



Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Office of the Ombudsman



First Session, 31st Parliament

Tuesday, November 29, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, NOVEMBER 29, 1977

The committee met at 8:03 p.m.

ESTIMATES, OFFICE OF THE OMBUDSMAN

Mr. Chairman: I see a quorum and before we commence I should indicate to the committee that we have some substitutions.

Mr. Michael Davison is substituting for Mr. Cassidy. Mr. Ruston is substituting for Mr. McGuigan and Mr. Reid is substituting for Mr. Epp.

Last night, I believe, the consideration was on the main or regular estimate, vote 701 which is printed in the book.

Tonight we have available to us the supplementaries, so with the concurrence of the committee, perhaps we could deal with the supplementaries and the regular vote to avoid duplication. That is to say, it will avoid members going on the list for the regular vote and then the same members appearing on the list once the regular vote is past and the supplementaries are before the committee. If that's agreeable to the committee, we can consider the supplementaries for the Office of the Ombudsman \$633,500 as well as the regular estimate of \$3.56 million as a package. If that's agreeable to the committee, perhaps we can proceed on that basis. Is that agreed? Agreed.

Mr. Davison, Hamilton Centre.

Mr. Davison: I was on last night.

Mr. Chairman: I'm sorry, I wasn't chairman last night. I figured Mr. Lawlor and so I didn't realize that you were on. Will you defer to your colleague, Mr. Davison?

Mr. Davison: Of course I will defer.

Mr. Chairman: Mr. Lawlor.

Mr. Lawlor: I may even defer to my colleague. We were discussing intensive investigations. An outline of seven or eight such investigations were given by the Ombudsman at the time. Preliminary to what I said and preliminary to what I'm going to say tonight—in other words, I have to say something before I say anything—and to be totally consistent by saying the opposite of what I said the other night, how in the world, Mr. Ombudsman, do you manage to bring your figure up from \$2.3 million approximately, with some

supplementaries on top of that last year, to \$3.56 million with supplementaries this year? You're certainly the only office, proportionately speaking I'm sure, that is able to manage that. I'm really not asking you the question because I'm not anticipating a particular answer. I'm going to say that you certainly—and I give you credit for it, up to a point—you must have come foursquare, eyeball to eyeball, with the powers that be around here in a very forthright way, to say the least, in order to establish yourself, because the quarrels in the past few years over what you consider the legitimate ambience of your office and certain resistances thereto, have been very great indeed and substantially you've accomplished your objective. I think very few other areas were able quite to do that.

I don't know if the word is commendable exactly, but it's certainly remarkable that this should come to pass. I suspect that on some afternoon—don't answer—that you stood and spoke to the Premier of this province (Mr. Davis) and said: "Now listen, Bill, either I can run this operation as I think it is required to be run, and as it legitimately should be run and as I was hired to run it, or else you won't have my availability of services at your disposal, and you 'wretched' well take your choice in this matter."

I can see no other operation here that would have brought about a large-handedness—if that's what the word is—in these very substantial increases. I think you should have the increases. I always have. My colleagues and I are perhaps not on all fours about that and my reasons aren't invidious or in anyway currying to your office, God knows. It's simply because once we set up this office it had within its dimensions certain responsibilities and a style and exposure to the public of such a kind as to not make niggling financial considerations the major ones in this particular context. Whatever the two Irishmen, seeking to get rid of their mutual aggressions may say in this particular committee, I'm kind of an outsider myself.

Mr. Reid: Who is the other Irishman?

Mr. Lawlor: I was thinking of Pat Reid.

Mr. Reid: I didn't know, I thought it was Mr. Maloney.

Mr. Maloney: He must have known we'd get along without them better.

Mr. Lawlor: It's in their bones; the poor devils. It comes out of an ancient heritage—Brian Boru and the rest of them there.

Anyway, what are protocol funds and are they still being set forth and what is the level of protocol funds now, in the last fiscal year?

Mr. Reid: For that you need a supplementary. It's on the main vote. It was on the House, in the Ombudsman's group.

Mr. Maloney: I'm going to let Alan Mills answer that question because he's on top of it.

Mr. Lawlor: He's on top of the protocol funds.

Mr. Chairman: Mr. Mills.

Mrs. Campbell: He's a prodigal.

Mr. Mills: Mr. Chairman, the answer to your question is that initially we provided about \$5,000 for protocol funds and we applied for another \$5,000 as part of our supplementary estimates.

Mr. Lawlor: Tell us, Mr. Mills, what they are, first of all.

Mr. Mills: If we entertain people for a time we ask Simpsons to send us some sandwiches. Simpsons is the catering service that we use with our own staff.

Mr. Lawlor: Did this involve that dinner?

Mr. Mills: No, I should explain that the Board of Internal Economy approved a separate amount of \$40,000 for the Canadian Conference of Legislative Ombudsmen, so all of those expenditures have been segregated, or isolated.

Mr. Lawlor: I see. You're asking for \$40,000?

Mr. Mills: We actually were given that amount by the board.

Mr. Lawlor: You were given that amount by the board?

Mr. Maloney: I suppose anything the board gave us is subject to the approval of—

Mr. Lawlor: —of this committee. Yes. That is why the committee exists, I guess.

Mr. Reid: It is hard to tell.

Mr. Lawlor: At least Maggie Campbell has got a sense of humour.

Mrs. Campbell: I also have a cold.

Mr. Lawlor: Well, Maggie and I get along well together.

Take a look at research, if you will. At one point, because of the number of quotation marks—and with some respect too, be-

cause I list myself among them—concerning the kooks who appear in your premises from time to time; I am sure they appear in all constituency offices, sometimes you think maybe the bulk of them are. In any event, you thought you should clue your people in at the Clarke Institute to learn what the various symptoms of kookery were. Are you still doing that?

Mr. Mills: I believe not.

Mr. Lawlor: That program has been completed.

Mr. Maloney: Oh, no. It has not been completed as far as I am concerned. That will be continued as the staff require a renewal of it or as new staff require some exposure to it. To me that is a very important part of our operation. Right now it is not going on but as far as I am concerned it will resume if, as and when it becomes necessary.

Mr. Lawlor: And that is the area in research. Is that the only area in research from which funds are being expended?

Mr. Maloney: All our staff participated in that program.

Mr. Lawlor: Yes, but apart from that program, Mr. Ombudsman, under services and research, are there any other areas in which funds are being expended?

Mr. Maloney: This was when we brought Rowat down and McLelland from Alberta. That is sort of the thing that is not going to be duplicated, certainly not in the near future.

Mr. Lawlor: Who is that again?

Mr. Maloney: We invited Professor Rowat, who is sort of the guru of ombudsmen—

Mr. Lawlor: Yes, he wrote a book on the subject. That is right.

Mr. Maloney: —and McLelland, who is a great authority on ombudsmanship, to come down and lecture our staff on the art of investigation or just the basics of ombudsmanship. I don't see the likelihood of that sort of indoctrination being needed again for maybe a couple of years. I could see it happening again.

We have a program for our staff under the direction of Brian Goodman, who is our director of research. Periodically we have seminars where the staff come and listen to them as they remind them what the provisions of the Act are and what the obligations of ombudsmanship are. They don't cost us anything because we hold those on Saturday on the premises and the people who give the talks are members of the staff, but I can

see our desire from time to time for the necessity of bringing back Rowat and McLelland for that sort of thing. But at the moment, that part of the program is not active.

Mr. Lawlor: What did Rowat do? Did he give one lecture or a series of talks or what?

Mr. Maloney: He spent a day with the office.

Mr. Lawlor: How much did you pay him?

Mr. Maloney: Off the top of my head, Pat, if I can just be excused if I am wrong, I think it was \$500 plus expenses.

Mr. Lawlor: That is reasonable. It is a lot cheaper than getting Judy LaMarsh for the same purpose.

Mr. Reid: About \$250.

Mr. Lawlor: Oh, okay.

Mrs. Campbell: Compare her with Wishart, will you, instead of those others?

Mr. Lawlor: I won't continue, Mr. Chairman. I will ask one more question and then step back and come in later.

On investigations. You have power under the Act to initiate investigations on your own. How many in the last fiscal year have you done? Correctional Services was certainly on your own, and more power to you, but are there any others apart from that?

Mr. Maloney: Not really. Correctional Services was not totally on my own. As far as Correctional Services was concerned I had over 100 complaints from prisoners all over the province about matters relating to their imprisonment. Then CSAO, as it was then called, made a statement about the state of affairs in prisons which jibed in many respects with what the prisoners were saying. So I launched an investigation into the total system rather than confine it to a series of isolated investigations.

[8:15]

To the extent that there were aspects of the whole problem that hadn't been complained to me about I said, "Okay, I'm going to invoke my powers under the section that gives me power to look into things on my own initiative." I exercised that power to that limited extent there and to some extent I did it in the South Cayuga land assembly business and in the juvenile investigation.

But I've never really had an opportunity to initiate an investigation on my own within the strict sense under that section. I've been so busy taking care of the individual complaints that are brought to me, I just haven't had time to, and I thought I'd be open to criticism if I started venturing off into in-

quiries of my own when all these individual complainants were asking me to take care of individual problems.

Mr. Lawlor: Okay, thank you, Mr. Chairman.

Mr. Davison: Mr. Chairman, I would like to put before the committee a motion and I would like to make some comments in regard to the reason for the motion. Would it be appropriate for me to make the motion and then speak to it?

Mr. Chairman: Yes, make the motion, Mr. Davison, and then I'll rule as to whether it is in order or not. If it is in order, then we can have some discussion.

Mr. Davison: Thank you, Mr. Chairman. I would move that the committee invite a minister of the Crown who is also a member of the Board of Internal Economy to appear before the committee at its next meeting to respond to certain questions arising out of the supplementary estimates of the Ombudsman. Would that motion be in order?

Mr. Chairman: May I have a copy of it?

I might say that the member for Hamilton Centre alerted me to the fact that he was going to make this motion and I just draw to the members' attention that this committee wouldn't have any power to request, but I notice the member has used the term "invite," a minister of the Crown to attend to explain, I presume, some of the reasons behind the figures which appear in the supplementary estimates.

This is a somewhat unusual motion in that the Board of Internal Economy's function is somewhat akin to that of Management Board with respect to the review of the estimates of the ministries in the government. In that respect, the Management Board personnel are never called before any committee to explain why they have altered or otherwise approved the estimates of a particular ministry. However, in this circumstance it is somewhat different in that while Management Board is an emanation of the government, the Board of Internal Economy is an emanation of the Legislature. So there are differences or at least there is a difference in the analogy.

I would rule this particular motion is in order.

Mr. Davison: Thank you, Mr. Chairman. I would like to address some remarks to it as a member of the Legislature who by happenstance is perhaps privy to information which other members of the Legislature aren't privy to.

I think we are all aware of the composition

of the Board of Internal Economy, who is represented on it and to what degree. I think members of the committee should understand, and perhaps have heard by rumour, that the Board of Internal Economy did in fact make numerous very broad and sweeping cuts to the supplementary estimates as presented to the board by the Ombudsman. It's my understanding, Mr. Chairman, correct me if I'm wrong, that members of the committee are not privy to the exact nature of the cuts and where the cuts were made in the Ombudsman's program. With your kind permission I would like to read on to the record the areas in which the Ombudsman's operation has been cut back by the Board of Internal Economy.

In the area of salary and wages, the Ombudsman requested \$239,700. That was required for a proposed eight per cent merit increase. It was required for an increase due to the Hickling-Johnston salary study. It was required for promotional increases. It was required for wages paid from the 1976-77 fiscal year. It was required for additional costs due to summer students and additional staff requirements.

From that total request of \$239,700, the Board of Internal Economy saw fit to reduce it to \$163,500.

The second area was in the area of employee benefits where the Ombudsman requested \$37,600 to defray expenses for two items, one pertaining to additional salaries and wages and the other assessment due to UIC premiums.

The Board of Internal Economy cut that request from \$37,600 to \$24,500.

The third area was the area of transportation and communications, where the Ombudsman requested \$119,700 for the following: 1. travelling expenses; 2. communications and mailing; 3. telephone, which included the installation of the new Centrex system at the Ombudsman's office.

The Board of Internal Economy cut that segment of the Ombudsman's request from \$119,700 to \$35,500.

If I might just stop for a moment I would tell members of the committee, if they're not aware, that this is the segment of the Ombudsman's budget which allows him to conduct hearings across the province, the private and public hearings for members in areas outside of Metro Toronto. It's also the element of the budget that allows the Ombudsman and the Ombudsman's staff to investigate complaints of prisoners in correctional institutions in the province of Ontario.

That segment of the Ombudsman's requested budget supplement was cut from \$119,700 to \$35,500, which—from my under-

standing of the operation, which is not minimal—will effectively mean that the Ombudsman cannot conduct hearings across the province and cannot respond to urgent needs in correctional institutions in this province.

The fourth area in the original request of the Ombudsman was in services, which included communications services, rental services, data processing insurance personnel and reception services, professional services, North Pickering court reporting, special services and purchase, repair and maintenance.

The Ombudsman's request in his supplementary estimates were \$584,900 and that was cut by the Board of Internal Economy to \$353,000.

I might also add that one of the elements there is the court reporting done at the Hoi-lett hearings. I'll address myself to this at another time in a bit more detail. But it's interesting to note the Board of Internal Economy listed as a rationale, the fact that the reporting was being done by a firm and the reporting hadn't gone out to tender. It is interesting to note, however, that this very firm is the same firm that provides similar service to the Workmen's Compensation Board of Ontario. That's money that the Ombudsman has to spend. Indeed, has already, to some extent, spent.

The final area was in supplies and equipment, which dealt with the purchase of machinery and equipment, food and fuel, office supplies and devices, books, maps, publications and printing of annual reports and federal sales tax on supplies and equipment because of the removal of the exempt status. In this area, the Board of Internal Economy cut the Ombudsman's request from \$118,700 to \$57,000, which meant that the Ombudsman had requested \$1,106,00 in supplementary estimates and the Board of Internal Economy approved \$633,500.

I would hope that some time this evening the Ombudsman or appropriate members of his staff would address the committee as to exactly what services and functions of the Ombudsman's office are going to have to be curtailed because of the cuts made by the Board of Internal Economy.

Also, I have in my possession a document entitled, "Checklist of Questions for the Board of Internal Economy Re: The Office of the Ombudsman, 1977-78 Supplementary Estimates." The Ombudsman appeared before a rump of the Board of Internal Economy on, I believe, November 8, 1977—I stand to be corrected.

Mr. Reid: Could you explain what you mean by "rump"?

Mr. Davison: Meaning that all members were not present.

Mr. Reid: It could be taken two ways, but I will accept your definition.

Mr. Davison: Yes, I assume it could.

Mr. Lawlor: Usually it is a rump even if they are all present.

Mr. Reid: You said it, I didn't.

Mr. Davison: The Ombudsman spoke at some length as to why he was requiring these supplementary funds for the purposes of carrying out his office. I am sure the Ombudsman would be more than happy to supply members of this committee, at request, a copy of that seven-page statement which fairly clearly delineates the reasons for the Ombudsman's requesting the funds.

At that meeting the Board of Internal Economy chose not to present to the Ombudsman this checklist of questions to ask him. The questions were subsequently asked of members of the Ombudsman's staff. Some of the questions were subsequently asked, as far as I can tell, of some members of the Ombudsman's staff by some representatives of the Board of Internal Economy.

They included questions in regard to the additional staffing requirements of the Ombudsman and questions in regard to the traveling expenses.

If I might quote from this document, it is interesting to note that it says: "An attempt should be made to reduce the cost of holding public hearings or consolidate certain hearings." It appears that the board's interpretation of that is to cancel public hearings in the province of Ontario.

The questions then went on to address themselves to the rental services of the Ombudsman's office. They then moved to the field of professional services, in which the board noted that they had no information available, but in spite of that proceeded to make cuts.

The board list then moved on to the North Pickering operation, which I will remind you, Mr. Chairman and members of the committee, was not a system set up alone by the Ombudsman but was in fact the result of an agreement arrived at between the Ombudsman and the Minister of Housing (Mr. Rhodes), who is a minister of the Crown in this province, and subsequently concurred in by a select committee of the Legislature.

They then moved on to provide some critique of the food and fuel consumed by the office of the Ombudsman. Then they moved on to criticize the Ombudsman for his annual report. I have always viewed the report of the Ombudsman to be an excellent

document. I have always viewed it to be a necessary document, so the public and the members of the House and the members of this committee can understand and appreciate exactly what it is the Ombudsman is doing.

The Board of Internal Economy said in its question list that perhaps it would be a much better idea if the Ombudsman would report in the same form as the Provincial Auditor, which really meant that it felt that the Ombudsman should cut out the rather large segment of his report which is the capsule comments, the capsule case summaries, which is the exact section which allows members to monitor the functioning of the Ombudsman's office.

The Board of Internal Economy in its checklist then went on to make some general observations about the office. One of those observations causes me considerable worry, and that is the question of the proposed management study of the office of the Ombudsman.

[8:30]

A number of months ago this same Board of Internal Economy wrote to this Legislature's select committee on the Ombudsman requesting the select committee to look into the matter of this management study. The select committee held a number of meetings with the Ombudsman's office in dealing with the management study. Finally, the select committee requested that the Ombudsman—and the Ombudsman concurred wholeheartedly—go by the manual of administration and conduct a feasibility study prior to a management study, which the Ombudsman did.

The Ombudsman then came back to the select committee with a feasibility study. The select committee met only a matter of a week or two ago to make its recommendations in regard to the management study. The Board of Internal Economy, without hearing from the select committee to which it had referred the matter, has, as I understand, apparently gone ahead and given the Ombudsman orders as to how the management study will be conducted, how much the management study will cost, and has set up guidelines which will leave the management study in the control of the Board of Internal Economy—not the Ombudsman's office, not the select committee, and therefore not members of this House. I think the Board of Internal Economy, Mr. Chairman, deserves censure for—I don't know what word to use to describe it—that kind of activity. I could be less charitable.

The board then went on to provide a critique of the budget and the growth of the

Ombudsman's office in this province. Let me tell you, Mr. Chairman, and hopefully through you the Board of Internal Economy, that the people of this province and the members of this House, while we may at times criticize certain aspects of the operation of the Ombudsman's office in Ontario, approve wholeheartedly of the concept and have nothing but the greatest faith in the current incumbent. I suggest to you that this attack by the Board of Internal Economy is more than simply inappropriate.

The board then went on to discuss the hiring policies of the Ombudsman; who, how, where and when the Ombudsman should be able to hire staff. Finally, the Board of Internal Economy, in full knowledge of the debates that took place when the Office of the Ombudsman was set up, took it upon itself in its checklist, which I remind members of the committee was not put to the Ombudsman but to members of the staff, to provide a critique of the Ombudsman's handling of non-jurisdictional cases.

I think that questions arise out of the cutbacks made by the Board of Internal Economy, many of which may be legitimate, but we can't tell unless we have a representative of the board before us who can explain to us why the cuts were made. As an individual member of the House I am not interested in spending any more of the taxpayers' money than is necessary. That is one of my functions around this place. On the other hand, I don't know how much wisdom there is in acquiescing to the situation that has arisen because of the cuts made by the Board of Internal Economy. I frankly would like to hear from the Ombudsman, before we vote on the motion, as to what effect those cuts will have on the operation of his office, an office which is held in high regard by the citizens of this province.

Mr. Lawlor: May I ask my colleague a question, just to clarify one point? What did they say on the handling of non-jurisdictional cases?

Mr. Davison: I wasn't privy to the conversations that took place.

Mr. Reid: You seem to have done pretty well.

Mr. Lawlor: There are a very large number of non-jurisdictional cases and the way he handles them seems to me to be eminently sound.

Mr. Davison: If I could quote from the Board of Internal Economy's checklist, perhaps members of the Ombudsman's staff could expand on the point. It simply reads, "Ac-

man released in July 1977 for the period July 1976 to March 1977, 1,827 files were open for cases within the jurisdiction of the Ombudsman, while 3,230 files were open for cases outside the jurisdiction. The extent of assistance being given to non-jurisdictional cases is very costly and time consuming and the board should ask the Ombudsman his intentions in this regard."

When I was talking about that earlier I said that the Board of Internal Economy engaged in that kind of discussion while aware of the debates that took place during the time in which the Ombudsman's Act was passed. I'm sure that members will remember the statements of many of our colleagues at that time about the fact that the Ombudsman should not brush off people who come to him simply because he doesn't have jurisdiction, but indeed he has a responsibility to point them in the direction in which they can find some resolution to their problems.

Mr. Reid: Can I ask a question for clarification? Could I ask Mr. Davison where he got this information? I would presume, in my naivete, there are only two possibilities—one is from your House leader, Mr. Deans, who sits on the Board of Internal Economy and, of course, the other option would be from the Ombudsman or his staff. Could you tell us where you got that information?

Mr. Davison: Patrick, I wouldn't comment on your naivete. The information came in a letter to me dated November 14, at the request of the Speaker, over the signature of Robert Fleming, director of administration and secretary of the Board of Internal Economy.

Mr. Reid: That is a very strange situation.

Mr. Hall: Speaking to a point of order, Mr. Chairman. I don't want to make judgments, but I find two things curious. First of all, this great flow of information coming from an obscure source, on items that were not passed in the budget.

Mr. Reid: It's not so obscure. There is a very fine hand here somewhere.

Mr. Hall: Well, if I may continue. We attend these estimates of all these committees—and I don't want to make any comment of disrespect for the Office of the Ombudsman; I think that the publication he puts out is excellent too. However, it seems to me a bit of a curious fact when that sort of publication tells his work and yet when we come into the estimates here we have nothing to go by in terms of detail of what your costs are, until tonight when we hear from this outside source, so to speak, this

great list of details of things that were not included in your budget.

Just as a simple layman trying to develop a feeling here, if we're going to get into the construction of budgets, I would appreciate it if more detail were provided all along.

Mr. Reid: I have a point to make here because I'm really concerned about what Mr. Davison has told us—that we, this committee, or even a member, should receive this kind of information on what has gone on in the budgetary process by someone who holds the office of the equivalent of a deputy minister.

In my 10 years here I cannot recall a civil servant ever injecting himself into the workings of the House and the business of the House in this manner and I think, quite frankly, Mr. Chairman, that this is an abuse of Mr. Fleming's function. I think he should be censured for having done this. I think he has well overstepped the bounds of his responsibility. Quite frankly, I find it incredible that Mr. Fleming should have done this.

Never, in my experience, has a deputy minister, or someone of that rank, written an individual, whether he be a chairman of a committee or an individual of the House and say, "The Minister of Transportation didn't get all he asked for and these were the reasons and I think they were wrong and therefore the committee should deal with it." I really find it incredible.

Mr. Chairman: Mr. Reid, first of all, I'd have to say that you don't have a point of order; it's a point of view and an interesting one but the chairman does not have any authority to deal with respect to the sources of Mr. Davison's information. While it may be of interest to the committee, the chairman doesn't have any power in that respect.

Mr. Davison: Mr. Chairman, could I clarify a point? Hansard will show quite correctly that I said Mr. Fleming wrote it at the instruction of the Speaker.

Mr. Reid: That is even more incredible.

Mr. Davison: Be that as it may, that's what Hansard will show.

Mr. Ruston: Mr. Chairman, this is rather strange. I've only been in this area 10 years and this is the first time I've had anything like this. I question the motion we're speaking to, too—although I definitely wouldn't want to challenge your ruling, Mr. Chairman. I know you've been around here longer than I have. I think the motion is out of order but since we're dealing with it we will have to deal with it.

I'm just wondering if perhaps we should

dispense with the one motion and then maybe have another motion to call Mr. Fleming, I suppose, before the committee rather than anyone else. However, if he was given the direction by the Speaker, I guess the Speaker would have to be called. That even makes it more mixed up.

In Mr. Davison's remarks about the budget did I hear him say—and I'm sure I heard him say—some of the money that was cut back was from funds required to pay salaries for 1976-77, in other words, for the previous year?

Are we running that type of an operation here in the Ombudsman's office, where they are overspending the previous year and then budgeting for it and paying for it in the next year? They're spending it on paper and then in the following year using the funds to pay for it? How do you administer that type of an operation in government spending? What were these funds used for and who were they for? Were they for regular help or for contract help or for what purpose?

Mr. Chairman: Perhaps, Mr. Ruston, we could deal with this motion first and then you could get into that and the Ombudsman could respond to that directly.

Mr. Ruston: Okay, then I'll speak directly to the motion. Mr. Chairman, I heard the motion. I don't think it's actually in order. I don't think we should question the ability or the authority of the Board of Internal Economy. The majority of people on it are in the Board of Management, are cabinet ministers or the Lieutenant Governor in Council, whichever way you want to speak to it.

I would not be in favour of the motion in any way whatsoever. I just don't think it's the right procedure. As I mentioned, I'm wondering whether we as a committee can do anything about the information and where it came from. I would like to look into that. On this particular motion, I don't think it's necessary to call in a minister—and we can only ask him to come in—and it would only be one opinion, so the opinion would not be the majority opinion that dealt with this budget. I don't really think that it would be of much use to us. He'd be coming in on a voluntary basis, anyway.

What I'm getting at is that it would only be the opinion of one person and not of the majority that have to vote on it. I don't think it would be of much benefit to us. I for one would not be in favour of it.

[8:45]

Mr. Reid: Mr. Chairman, I find this

whole matter somewhat ludicrous. I find it, as I have said, incredible.

I apologize to Mr. Fleming for the remarks I made. I would like to redirect them at the Speaker. It boggles my mind that the Speaker would take upon himself to direct a letter such as that to the chairman of the committee on the Ombudsman outlining what he has outlined. Obviously the Speaker feels that perhaps the Ombudsman's budget or request for supplementary estimates was justified or was in order, or whatever. He did not say that, I take it.

Mr. Davison: I am sorry to keep interfering.

Mr. Reid: Well, let us clarify the situation.

Mr. Davison: The letter to me is dated November 14, which is prior to decisions reached by the Board of Internal Economy. The figures I have as to what was actually authorized by the Board of Internal Economy came to me through a source other than the Board of Internal Economy, the Speaker's office, or Mr. Fleming.

Mr. Reid: We will presume then, if we may, that it came to you through the Ombudsman. But the point remains that the Speaker has disagreed, supposedly—or the Speaker has taken upon himself the responsibility of communicating information in such a way to cast some doubt upon the operations of the Board of Internal Economy, and, in a way, in which those decisions, according to you, Mr. Davison, had not even been made.

Now I find that just unbelievable.

Mr. Mancini: What is the story?

Mr. Reid: Mr. Davison has told me he received this letter from the Speaker prior to the decision of the Board of Internal Economy actually having been made. Is that correct?

Mr. Davison: As far as I know it came to me from Mr. Fleming at the request of the Speaker and, as far as I know, prior to the decisions being made. I assumed that the decisions were made after November 14.

Mr. Reid: And subsequently either you contacted the Ombudsman's office or the Ombudsman contacted you and provided you with the figures in detail. But it is incredible to me that the Speaker should have overstepped his responsibility in this regard. Does this mean that if the Speaker does not agree with something or thinks something is not quite correct in the deliberations of the Board of Internal Economy, he is going to take it upon himself to direct

Mr. Fleming to write a letter to the chairman of public accounts or individual members, stating his own particular views or the situation as he sees it?

I think he is guilty of a breach of trust and has widely overstepped his authority. Quite frankly, Mr. Chairman, I am not prepared on the basis of what has happened here to deal with this matter or approve the motion as presented. I would rather see a motion censuring the Speaker or asking the Speaker to explain his actions in this regard.

It is really offensive to me that the Speaker would have done this. I have my concerns and criticisms as to the function of the Board of Internal Economy; I am not completely happy with the way it operates; but for the Speaker to have done this, is, I think, really going beyond his responsibilities.

I would like to make a suggestion so that I can be constructive. We have just passed or were in the process of passing the new Audit Act to ensure that these facts we have been somewhat gratuitously provided with by the strangest of means should be made available in case the Board of Internal Economy—which also deals with the Auditor's budget; we have passed an amendment to the bill or it will be passed or certainly will be put forward—allows the chairman and vice-chairman of public accounts to attend the meetings of the Board of Internal Economy when the Auditor's budget is dealt with.

In that way the chairman or the vice-chairman of public accounts is privy to the information as to how the budget was struck and whether or not, in fact, the Provincial Auditor got less than he asked for. In fact, it is then in the realm of the public, and the chairman or the vice-chairman could bring it to the attention of public accounts and they could then make those matters public and they could be dealt with in a public forum.

I would like to suggest for the consideration of your committee, Mr. Davison, that you consider perhaps suggesting amendments to the Ombudsman Act or the Board of Internal Economy Act, to deal with these estimates in this way. I really am offended at the actions of the Speaker in this regard and I do not see how under these circumstances I can support this motion.

Mr. Cunningham: Mr. Chairman, just or a point of clarification, it might save us some difficulty. The Speaker, I think, can write such a letter in possibly one capacity only.

and that would be in his function as chairman of the Board of Internal Economy. The timing of his correspondence is integral to the discussion at this time. I think until some finite conclusion is reached with regard to the timing of that item of correspondence, I don't see how the motion can be appropriately put.

If the Speaker was writing in his capacity strictly as Speaker, then I think that Mr. Reid's criticisms would be extremely valid. In his capacity as chairman of the Board of Internal Economy I see some validity to a letter, or some direction as I have heard it today. I would suggest that some definite discussion with regard to timing would be in order at this time.

Mr. Chairman: Mr. Cunningham, with respect, I don't think the timing of the correspondence is relevant to this particular motion.

Mr. Davison is asking or inviting a minister of the Crown who is a member of the Board of Internal Economy to come before the committee and to explain why the supplementary estimate of the Ombudsman were reduced from \$1.1 million to the figure we have before us tonight, which is \$633,500. My knowledge is that the Board of Internal Economy met yesterday and dealt with this matter and Mr. Davison in that light is simply asking on what basis was the decision made yesterday. While the correspondence may be of interest to members for perhaps other purposes I don't think it is germane to the particular motion at the moment.

Mr. Cunningham: Mr. Chairman, may I ask Mr. Davison, and this may call for some conjecture on his part, in what capacity did he receive this correspondence?

Mr. Chairman: Mr. Cunningham, if I may, if you are going to get into that I do have a list. Mr. McCaffrey is next and Mrs. Campbell is after that. I would be pleased to put you on the list.

Mr. McCaffrey: Mr. Chairman, just a brief point. I am not sure I can add too much. Mr. Reid, Mr. Ruston and Mr. Hall, who have been around here for a long time, reflected their dismay at the motion.

Mr. Wildman: Have you been here a long time?

Mr. Reid: It just seems to be.

Mr. McCaffrey: I have not been around here very long, but it seems to me that a request for moneys from a minister or from an office of the assembly be cut back is the one constant I can see around this place; people's requests for funds inevitably are

reduced. That doesn't surprise me. The things I do find dismaying are Mr. Davison's innuendoes; the whole statement of his reeked with innuendo. He sure as hell got my curiosity up as a new person; his references to "this rump group from the Board of Internal Economy" et cetera.

I think the motion is likely out of order, but I wish he had just been a little bit more candid when he started, instead of saying that he had information he was privy to, and then subsequently piece by piece disclosed it in a funny fashion.

Mr. Wildman: Why not table the letter?

Mr. McCaffrey: I think we should pursue this, but I think the motion is not in order. Maybe the letter should be tabled.

Mr. Lawlor: Mr. Chairman, we are in an anomalous situation, as Mr. Reid pointed out; unique, whichever way you cut it. I would put it to this committee that there is quite a distinction in my mind, at least, between the operations of Management Board as such and the Board of Internal Economy which is a constituted creature of the Legislature and, by tangent, to this committee. Secondly, so is the Ombudsman. For the first time then, we face the operations of the Board of Internal Economy vis-à-vis a body, or a group, or a man or an office, which is peculiarly within our jurisdiction; both of them fall that way.

I suspect that Mr. Davison's letter is perfectly legitimate and a perfectly legitimate question made by any member of the legislative assembly to and through the Speaker as to the operations of that board. It's our board; we are entitled to know what is going on, I suspect. I am sitting here not clearly as to precisely what the ambit of authority of the Board of Internal Economy really is and I am going to suggest we don't make a determination of this issue tonight—that I think we have to consult with legislative counsel to advise us as to whether or not such a request would be legitimate in the present context, or any other, as to how far we can involve any member of that board before any committee of this House as to explaining their actions to the members of this House. I would suggest that we delay this matter and get such advice.

Mr. Chairman: I can only deal with that suggestion, Mr. Lawlor, if Mr. Davison is prepared to defer his motion.

Mr. Davison: Are you asking me?

Mr. Chairman: Yes. Are you prepared to do that or would you prefer to go forward?

Mr. Davison: Before we entertain such a

suggestion I very much would like to hear from the Ombudsman and his staff what effect the budget cuts will have, so that we can come to the real question that we don't deal with the peripheral issues but go to the real question. I would prefer that we continue until such time as we have heard from the Ombudsman's Office.

Mr. Ruston: Mr. Chairman, if I may, you ruled me out of order, so I would assume that you would have to rule that out of order too.

Mr. Chairman: Yes. I don't think that would be appropriate insofar as the motion is concerned, Mr. Davison. We can get into that matter when we are dealing with the estimate and with the supplementaries, but insofar as the motion itself is concerned I would prefer to hear the members and then we'll call for the vote. We can then get into the matters related to what effects the reductions are going to have, if you so desire.

Mr. Davison: Perhaps you could enlighten me as to how we will deal with the matter in terms of time. I understand that only nine hours were allocated to the Ombudsman's office.

Mr. Chairman: That's correct.

Mr. Davison: We would then conclude the Ombudsman some time on Wednesday. If we stand this matter down until some time Wednesday morning it may not be possible, if we then adopt my motion, to find a person such as I have referenced to come before the committee. We therefore may have frustrated the intent of the motion simply through time.

Mr. Chairman: There undoubtedly is a problem there, but I point out that in the ordinary course there are nine hours allocated for this estimate. That would mean that we would sit from 10 until 12 tomorrow and from 1 until 3 tomorrow afternoon. If the motion is deferred until tomorrow, should that be the wish of the committee, then it would be dealt with at 10 o'clock. If the motion passes, hopefully, although there is certainly no guarantee, all I can tell the member is that the invitation would go out and it is up to any one of the ministers of the Crown who happen to sit on the Board of Internal Economy as to whether they come or would be available in that instance. So I just say to the member that there would be opportunity in the afternoon to perhaps deal with that if that can be arranged.

Mr. Lawlor: Just for your indulgence, I see no reason why the member might not ask

those questions tonight in any event. I think they are perfectly legitimate questions.

Mr. Chairman: With respect to what impact these reductions are having? Of course; they are legitimate questions and will be dealt with tonight after we get rid of the motion.

[9:00]

Mr. Davison: What we can't deal with, Mr. Chairman, is the rationale of the board—which, as I said, may explain the cuts—if we don't have somebody from the board before us.

Mr. Reid: One point, Mr. Chairman. Can we deal with matters that are not in the estimates? If I recall the rules correctly, you can deal with what is in the estimate, but not with matters that are not in the estimate. The \$1.1 million plus is not the matter that's before us. What is before us is \$633,500. We can ask all the questions we like about that. So I put it to you in two points, Mr. Chairman: We cannot deal with matters that are not in the estimates themselves; they are matters that are obviously not here so we cannot in fact deal with matters that are not before us.

Mr. Chairman: In response to that, Mr. Reid, the powers of this committee are to approve or to reduce. We have no power to increase. That should be made abundantly clear to the committee members. That in my view doesn't preclude entirely a discussion related to what may or could have happened had the Ombudsman or anyone else for that matter had more money in a particular area. In my experience during estimate discussions that goes on all the time.

Mr. Lawlor: Yes, we'll come to judgement.

Mr. Chairman: So I would prefer if we get on with this motion and deal with it and get it out of the way and then we can get into the consideration of the estimates. Mr. Lawlor, are you speaking?

Mr. Lawlor: I just want to know if my colleague is considering deferring.

Mr. Davison: I have sought the advice of one of the clerks to the House and have been assured that our motion is in order. The chairman has ruled the motion in order tonight. I don't think there is any question as to the legitimacy of the motion in terms of the practices of the House and I see no reason why we can't vote on the motion.

Mr. Chairman: Then I gather that you're not prepared to defer it, Mr. Davison.

Mr. Davison: I'm not prepared to defer it simply because we may lose the opportunity if we do that.

Mr. Chairman: Have you finished, Mr. Lawlor? Mr. Cunningham?

Mr. Cunningham: My point is covered.

Mr. Chairman: Any further discussion? Are you ready for the question? I should point out that the voting members of this committee as I see them, are Mr. Wildman, Mr. Davison, Mr. McCaffrey, Mr. Walker, Mr. Reid, Mr. Mancini, Mr. Hall, Mr. Ruston, Mr. Warner, Mr. Ashe, Mr. Belanger and Mr. Sterling.

Mr. Hodgson: My name not on there, Mr. Chairman?

Mr. Chairman: I'm sorry, Bill. Yes, you slipped in and I didn't see you. Mr. Hodgson and Mr. Sterling in addition to the names I mentioned.

Do you want me to read the motion or does everybody understand it?

All those in favour of the motion please signify.

Those opposed?

(The motion is defeated.)

Mr. Reid: Is it in order at this point to put another motion before the committee?

Mr. Chairman: I'll entertain it.

Mr. Reid: I would like to move that the committee request from the Speaker tomorrow morning before 12 noon, an explanation as to why he took it upon himself to write a letter to Mr. Davison, at this particular point in time.

First of all ask him to answer two questions, one being why he took upon himself this responsibility; that to my mind at least, is out of order. Second, ask him to explain also at the same time why he would write such a letter, particularly in view of the fact that the letter was written before the Board of Internal Economy had come to any resolution as to the disposition of the additional funds requested by the Ombudsman.

Mr. Chairman: Mr. Reid, are you putting that in a formal way or is that a suggestion?

Mr. Reid: No, that is a motion that I would like to put.

Mr. Chairman: Would you be good enough to write it out?

Mr. Reid: That should take most of the nine hours.

Mr. Chairman: I gather your motion is for information from the Speaker and an explanation as to why this letter was written. Is that correct?

Mr. Reid: Yes, and why it was written before the Board of Internal Economy came to any decision as to what would be done

with the supplementary request of the Ombudsman for additional funds.

Mr. Wildman: Is that on the floor then, Mr. Chairman?

Mr. Chairman: No, I have to wait until I get it.

Mr. Lawlor: Can we not debate the motion, Mr. Chairman?

Mr. Chairman: I would like to have it in front of me, Mr. Lawlor. I am sure Mr. Reid can write it out quickly. Meanwhile, I am sure we are aware of Mr. Reid's intent. Would the members wish to discuss it?

Mr. Wildman: I would like a ruling from the Chair as to the rights of a committee of this House. Is there any precedent for a committee of this House requesting that kind of explanation from the Speaker of the House?

Mr. Chairman: We have the power as a standing committee to request information from people, persons and things with respect to the operation of this committee, yes.

Mr. Davison: With the greatest respect, Mr. Chairman, I must remind you that you informed me that my motion would be out of order if I would request something from a minister of the Crown, but that I had to invite it. I take it then it is in order to request things from the Speaker, rather than invite it?

Mr. Chairman: Yes, the powers of a standing committee are powers to examine and inquire concerning matters which are referred to the committee by the House, and to send for persons, papers and things, as provided under section 35 of the Legislative Assembly Act.

Mr. Wildman: Do you differentiate between the Speaker as a person and a minister of the Crown as a person?

Mr. Chairman: The Speaker is a servant of the Legislature and is appointed by the Legislature and in respect to matters of this nature I think it is quite appropriate to request information.

Mr. Reid moves that the Speaker of the House be requested to explain to the committee dealing with the Ombudsman's estimates (a) why he took upon himself the responsibility of writing such a letter to Mr. Davison, and (b) why he did this before the Board of Internal Economy had decided what disposition would be made of the additional supplementary estimates requested by the Ombudsman.

Is there any discussion of this motion?

Mr. Lawlor: I am afraid so. The tone of the damn thing is—

Mr. Reid: The tone of Mr. Davison's letter left a lot to be desired, I'll tell you.

Mr. Lawlor: Mr. Reid, please. If it were toned down a bit, I think it is perfectly legitimate to ask the Speaker. I suppose it is. Again I am in some quandary as to what this Board of Internal Economy's functions and ambit of internal authority might be, it not being beholden to committees of the House or the House itself for that matter. I am being legalistic about it, but it is a legal point. I think we are all in the dark in this room as to that particular function.

On top of that, not knowing quite clearly what we are doing, in terms of this document, we then prejudge the issue, so to speak, saying, "You come before us and you damn well account for yourself." If we are asking him gently to come forward to this assembly and ask why he did it, that is fine. I have no objection to that. I would have to have the wording and I would ask to reword it.

Mr. Chairman: You don't dispute the substance, just the tone.

Mr. Lawlor: That is right.

Mr. Davison: I think we can satisfy Mr. Lawlor's request in the same way we altered my motion by changing the word "request" to "invite." If we will invite rather than request a minister of the Crown, perhaps we can find it in our hearts to invite rather than request the Speaker.

Mr. Wildman: Will you accept that, Mr. Reid?

Mr. Reid: It is not a difference really. Certainly I'll accept it.

Mr. Lawlor: Secondly, I want to amend "take upon himself," that type of phraseology, and simply say, "Why did he do it?" or however you word it.

Mr. Hodgson: Surely he has a good explanation which he can give to the committee.

Mr. Chairman: Any further discussion?

Mr. Wildman: Are we rewording that phrase?

Mr. Chairman: Yes, Mr. Reid moved that the Speaker of the House "be invited to explain."

Mr. Wildman: Are the words, "take upon himself," being dealt with?

Mr. Chairman: That is the (a) part of the motion, to explain why he took upon himself the responsibility.

Mr. Lawlor: Can we delete the phrase, to explain "why he took upon himself the responsibility"?

Mr. Reid: I think we are quibbling here. I don't see much difference in what we are doing.

Mr. Cunningham: The central issue is in what capacity he did it. If he did it as chairman of the Board of Internal Economy, in my view that is fine. But if he acted strictly as Speaker, then I too am disappointed.

Mr. Reid: I wonder if we should ask if he could do it before noon hour so that we could deal with it in the afternoon.

Mr. Lawlor: I hope he tells you to blow your horn.

Mr. Chairman: There may be a logistics problem in dealing with this matter so quickly. In any event, we will deal with the reworded motion.

Mr. Wildman: I would just say I don't consider this a total waste of time, as has been indicated by the Ombudsman. I think it is important for this Legislature and a committee of this Legislature to understand the role of the Board of Internal Economy and the Speaker as chairman of that board.

However, at the same time, I do feel the Speaker of the House does deserve the benefit of the doubt and I don't want to prejudge in any way his actions in the wording of the motion. I hope the wording can be done in such a way it can be shown we are interested in obtaining information from the Speaker. In that sense, I would support the substance of the motion.

Mr. Chairman: Any further discussion?

Mr. Lawlor: Will the member take the motion as amended?

Mr. Reid: We changed "request" to "invite." I certainly will accept it.

Mr. Lawlor: With the other three words knocked out?

Mr. Reid: Perhaps the chairman could read it again.

Mr. Chairman: Mr. Reid moves that the Speaker of the House be invited to explain to the committee dealing with the Ombudsman's estimates why he took the responsibility of writing a letter to Mr. Davison and why he did this before the Board of Internal Economy had decided what disposition would be made to the additional supplementary estimates requested by the Ombudsman.

Mr. Reid: Do we need to put in the time or will the chairman convey that?

Mr. Chairman: The chairman will undertake to convey that. I don't think the letter was actually signed by the Speaker. Mr.

Davison initially said the Speaker requested Mr. Fleming to write.

Mr. Davison: The word is "asked", rather than "requested." The signature of Robert J. Fleming is in his dual capacity as director of administration and secretary of the Board of Internal Economy.

[9:15]

Mr. McCaffrey: The motion suggests that it was actually the Speaker who signed the letter.

Mr. Reid: I would like to amend the motion to a letter sent under the name of Mr. Fleming at the direction of the Speaker.

Mr. Chairman: Under the signature of Mr. Fleming at the direction of the Speaker. The motion is so amended.

All those in favour of the motion please signify.

Those opposed.

Motion agreed to.

Mr. Walker: Mr. Chairman, I want to ask for the letter in question to be tabled and that the clerk at some point distribute copies of it.

Mr. Chairman: Would you be agreeable to that, Mr. Davison?

Mr. Davison: Certainly.

Mr. Chairman: That will be done, Mr. Walker.

Now we will continue on with the estimates. The next person I have on my list is Mr. Reid, Rainy River.

Mr. Reid: I have had enough time, I'll pass.

Mr. Mancini: There are two or three things I would like to mention in my contribution to the debate on the supplementary estimates of the Ombudsman. First of all I have never had the opportunity to thank the Ombudsman, in committee or in public, for the work he has done in my riding, Essex South, and I would now like to thank him. I also appreciate the fact that he has kept me informed of the people in my riding who have contacted his office.

I would also like to say that although the Ombudsman possibly feels his supplementary budget should not be cut and he should get everything he asks for, he should take into account the period of restraint we are in today. He should take into account that, since last year I believe, his budget has been up nearly 40 per cent, if I am correct. He should take into account the people of my area.

Just to give you an example, the OHIP office has been moved out of Windsor; the

government tells us to save \$500,000 of the taxpayers money we've had over 40 people lose their jobs. Soon if the government has its way, we'll have the closure of the River-view Hospital, more people will be out of work and we are not sure exactly what kind of cost savings it will be to the taxpayer. I could go on and on and name many other projects in my riding that have been cut back or delayed a year or two because of the restraints.

If the Ombudsman wants to continue to keep the respect and the faith of the people of the province, he should not put his office above all the other offices here at Queen's Park when we are in a time of restraint, and we have people losing their jobs, and we have very vital services being cut back. You know, we can't even get a home for the retarded in the county of Essex. I think the Ombudsman should accept his cutbacks—I shouldn't say they are cutbacks, he's getting more—and maybe show some restraint also. Basically that's what I want to say.

Mr. Maloney: First of all I want to thank Mr. Mancini for his reference to the work the Ombudsman's office has done in collaboration with him in his capacity as an MPP. He, as a number of his other colleagues in the Legislature have done, has seen the practical manifestation of how the Ombudsman and the elected member work together for the good of the people. You and Mr. G. I. Miller, I think, in the particular cases to which you refer, manifest how by working together we accomplish more for the people than perhaps we could individually on our own, by collaborating with us on the resolution of a problem that is particularly complex and difficult, you utilize the machinery of the Ombudsman Act to see to it that the real, just result is produced for a very large segment, a very important segment, people with a very serious problem.

Now, insofar as the other aspects of your remarks are concerned, let's just not lose sight of something that is very important. The policies of economic constraint I respect and I intend to obey and adhere to and do my best to comply with. Don't forget also that these very policies, the laying off of the OHIP staff and all the other things that result from this produce their own grievances for the people that generate more business for the office of the Ombudsman. That's the first thing to remember.

Don't forget, also, that the Office of the Ombudsman was brought into being contemporaneously with policies of economic constraint, presumably in recognition of the fact that additional grievances from the

citizens would be generated by these policies.

Now bear in mind, too, if I may ask you to do so, that the Office of the Ombudsman is the one appointed office in the whole public service, more so than any other, that the ordinary citizen can turn to and can say: "That's my contact. That's my contact with the seat of power, with the governing process. He's the person I turn to with my complaints. If he looks into them and he finds they're merited, he's going to go to bat for me and fight like hell for me."

So it's pretty reassuring, as I said last night, I think, in answer to one of the comments Mr. Ruston made. It's pretty reassuring to know that in the province, living admittedly in times of constraint, where your annual budget is \$14 billion, that something less than \$5 million of that is being spent in support of that one office that, more than any other, belongs to the people.

That's a pretty small fraction. I'm not a mathematician; I haven't attempted to figure it out. But maybe while we're talking, somebody will do that. It's infinitesimal; if it's even one per cent, I don't know. But to know that infinitesimal percentage of the total budget of the province is being devoted to that one particular concern, I think is something we should all be going to bat for.

At this stage, if I may, Mr. Chairman, I'd like just to say a few words about the need for the supplementary estimates, so that what comments follow can be considered in this context of what I felt my requirements were. We are asking for supplementary estimates of \$1.1 million. We've been given \$660,000. That's just a little more than half of what we asked for. What was it all needed for? What was that \$1.1 million needed for? And don't overlook the fact that I did my best to whittle that down as much as I could.

The North Pickering situation was forced on me. I've no control over that. I didn't want it. If I had had my way, North Pickering would've been resolved a year-and-a-half ago and the people of Pickering would have had their claims examined for their justice by the Land Compensation Board by now. It would all be over and done with. That didn't happen that way.

My recommendations were rejected. They were no good. So we had to have a series of two commissions set up to inquire into the justice of the whole thing. The North Pickering situation has caused our original estimates to be increased by \$250,000. So look at your \$1.1 million and immediately take away \$250,000 for a situation thrust on Arthur Maloney that he didn't want at all.

These additional expenses have been in-

curred as a result of the two separate hearings that were set up pursuant to the agreement that was entered into between the Minister of Housing and myself. You will remember, as I explained last night—I don't think you were here, Mr. Mancini, and some of your colleagues weren't here—that under that agreement the complaints of the people of Pickering were divided into two segments.

My original report expressed the opinion that 44 persons were entitled to have their cases examined by the Land Compensation Board to see to what extent they were entitled to more funds. A lot of people said—is Mr. Ashe here now? I think he said last night that it didn't rest very well with a lot of people that I was making recommendations in favour of people who were laughing all the way to the bank.

If I take a complaint in front of me, if I look at it and open it up and say: "That isn't going to be good politically for the Ombudsman; a lot of people will say, 'You shouldn't befriend people,'" no matter what I think the merits of their complaint are, I'm being a politician. I'm not a politician. I abandoned politics when I became the Ombudsman and nobody in this room or anywhere else can say that I ever departed from that. I'll not look at any complaint that comes to me like a politician would look at it, as we being suggested, that politically it would not be wise to support that particular complaint.

I looked over those complaints; when I conducted my investigation I came to certain conclusions. I didn't care whether they were politically popular or not. I made my recommendations. I'll continue to do that in every case that comes before me so long as I am the Ombudsman of this province.

I came to certain views with respect to 44 of those cases and I made a recommendation which was rejected by the ministry and by the Premier (Mr. Davis), and then we went to the Legislature. In the course of a long altercation before a select committee that was especially set up with my concurrence with the Premier we worked out a compromise which I thought was going to be really workable. Now it's all wrong, because half of that compromise has just collapsed. Anyhow, I thought I was being a wise man when I was party to that compromise.

As a result of that compromise, 12 of the cases the Minister of Housing had singled out for very special criticism, plus about another 15 that had been the subject matter of investigation by five land acquisition agents who alleged that they had been critically referred to in the report and hadn't

been given an opportunity to reply, a total of 27, 28 or 29, were referred to a royal commission that was set up and presided over by a former judge, Mr. Donnelly, and otherwise constituted by two members of the Land Compensation Board. All the rest of those cases, 14 of the 44, plus all the additional cases that came out of Pickering by way of complaint, were referred back to the Ombudsman for a hearing to be conducted under section 20 of the Act.

I set up a hearing to be presided over by Mr. Keith Hoilett. It started its functioning last December. As of yesterday, they were on case 61. It's being held in camera. Lawyers for the landowners are there. Lawyers for the land acquisition agents are there. They've been carrying on since last December and are now at case 61 in an orderly, dignified, proper fashion in which a wide-ranging inquiry into the whole project is going on. Ultimately, you'll see the report about that.

The other cases, 27 or 28, whatever it was, are before a royal commission presided over by Mr. Donnelly. They started last January. They heard part of the evidence of one witness in the first case and that's all they did up until a month or so ago. All the landowners walked out on them because they complained about the fairness of the hearing. So far as I know, that hearing is all over now and all they've heard is the four land acquisition agents. In my report to the select committee—and Mr. Davison will bear me out—I said that that royal commission was a total disaster.

As Ombudsman, I was required to hire a hall for the hearing for Mr. Hoilett, to accommodate that hearing and the witnesses who had to be called before it. I had to hire lawyers to act for the landowners. I had to hire court reporters to report daily the transcript of the proceedings. All this is nothing I wanted at all. This was so far removed from what I ought to be doing it isn't even funny, but I was doing it and I had to pay for it, and the only thing I didn't pay for was lawyer fees because that's the only thing the government has paid me back for.

So there are \$250,000 in the supplementary estimates that I've no desire for but I have a desperate need for. They've given me \$633,500 and \$250,000 of it goes tout de suite.

[9:30]

I don't want your criticism. I want your help. That's what I need right now. An additional \$239,000, almost \$240,000, is re-

quired for salaries and wages. Of that total, \$55,000 represents the proposed merit increases that were presented to the Board of Internal Economy on March 1, 1977.

At that time, the board was concerned whether or not we were in compliance with the Anti-Inflation Board's guidelines. We weren't allowed those last March, so we're asking for them now because we went to the Anti-Inflation Board and they said it was within the guidelines. We were right.

To deny the staff that worked for me, with the kind of dedication I've never seen anywhere else, the kind of increase that's been given to everybody else working in the public service so far as I'm aware, I just don't think is right. I don't think it's fair and I don't think people like yourselves should allow the Ombudsman's office to be throttled like that.

You should be going to bat for us to achieve it. I realize you can't increase what the Board of Internal Economy has done. But at least I'd like a statement of support from you that they were wrong and I'd like an acknowledgement of that so that somehow or other I can get before the Legislature and persuade your colleagues to give us what we need.

We were denied by a board that I have always contended should have nothing to do with the estimates of the Ombudsman because it has three members on it who are members of the executive council. There is nothing more fundamental to the office of the Ombudsman than that it be totally divorced from the executive, totally divorced from the civil service, totally divorced from the political arm of the Legislature. If it's not totally divorced from those three agencies, it won't work.

It seems to me that my submissions, which I've made many times, that a board made up of three members of the cabinet should have nothing to say about my estimates is stronger than ever. I've maintained, and I submit as strongly as I can tonight, that the estimates of the Ombudsman should be considered by the committee that has been set up as a select committee of the Ombudsman. The committee knows our operation, it knows our staff, they've been to our office, they've seen it operate. Maybe they'll cut us down but at least we're being cut down by people who are not members of the executive. At least we are being cut down by people who are not members of the civil service. We're being cut down by people who have seen our operations and know what our requirements are.

I should say too when we appeared before the Board of Internal Economy, I think in

November 1976, they expressed some concern over the salaries I was paying to the members of my staff. The Ombudsman Act says that the Ombudsman fixes the salaries and the conditions of employment of the staff, subject to the approval of the Lieutenant Governor in Council. I went ahead and did that. I got the approval, as things went on, from the cabinet with the appropriate orders in council. I think we got two. Everybody on the staff has been approved by order in council with the exception of two or three senior people who have been promoted within the operation, plus some secretarial people. Subject to that, they've been approved by the Lieutenant Governor in Council.

In view of the concern of the Board of Internal Economy about our salary structure, I commissioned on my own Hickling-Johnston to have a look at our salary structure. They conducted a very complete study and concluded that while the majority of the salaries being paid to members of the staff in the office were within the accepted norm, there were certain individual staff members whose salaries were determined by them to be below the minimum of the range for the particular function they performed. Certain other staff, mainly at the secretarial level, were found to be earning salaries above the accepted maximum.

Mr. Mancini: Do you have a copy of the Hickling-Johnston report?

Mr. Maloney: Yes, I do. It's been filed with the select committee and I'll make sure it's filed with this committee too.

A further \$34,400 was required to implement the recommendations of Hickling-Johnston regarding those rates of pay which were found to be below the minimum which was prescribed in their report. As a result of certain internal organizational changes in the office that I thought were necessary, an additional \$18,500 was required for promotional increases which have consequently been added to the wage bill of the office of the Ombudsman. By the way, insofar as the salaries of those who were above the maximum are concerned, they were—what's the term?—red circled.

I've told you now about \$250,000 that was thrust upon us by North Pickering; I've told you about the almost \$240,000 for salaries and wages; that's \$500,000 now; and now I come to another one: In the fiscal year 1976 to 1977 we underestimated our expenses by almost \$250,000. That amount became a charge against our estimates for the present fiscal year, so we commenced this present fiscal year with a level of indebtedness in that amount.

Mr. G. I. Miller: How much was that amount?

Mr. Maloney: It was \$240,471, Gord. You say that's kind of inefficient that you should underestimate the expenses to that degree. Don't forget, there are two things to remember. We are a new operation. This is a totally unique concept for the province that was started in 1975. We still feel our way to some extent, but not nearly so much as we did. Don't forget, too, that we have expenses that confront us that we can't possibly anticipate.

Take, for example, the Attorney General (Mr. McMurtry). How could he possibly anticipate how many prosecutions are going to take place in the next fiscal year? How many times is he going to have to appeal cases to the Supreme Court of Canada and send lawyers down to Ottawa to feed the cases? How many times is the Solicitor General (Mr. MacBeth) going to have to send high-ranking police inspectors all over northern Ontario to investigate crimes that he does not anticipate now and hopes may never happen?

I've got no mechanism to deal with that situation. For example, when I fixed my estimates I never knew the South Cayuga land assembly case was going to come to us, and achieve the proportions and the magnitude that it did. So this committee or the select committee has to find a mechanism for the Ombudsman to deal with that sort of thing so that when it happens I can come to you and say, "Look, this case has come up. It's a major investigation. I need this much money and I need it now."

I don't have that, so that when I underestimate, I underestimate just because I don't want to alienate a whole lot of MPPs who think I am asking for too much. I suppose I could inflate my requirements to provide for contingencies like that, but I don't want to do that. You've simply got to find a mechanism whereby I can come back for more money when I need it for investigations that come up that I hadn't planned for or that I hadn't anticipated.

I'll tell you another thing—I felt that our first annual report should be translated into French. That was a big project that cost us over \$20,000. It's a lot of money, but it's terribly important at this time in our history, this vital time, that I should have done that. I should perhaps have translated my second report into French. I didn't because I didn't have the money for it, and what we did instead was to translate a resume of that report that was prepared with the assistance of Gilles Morin who is our francophone spokes-

man in the office. That cost us \$1,500 just to do that.

I think we have an obligation in the Ombudsman's office, especially in the Ombudsman's office, to show our determination to ensure that this bilingual, bicultural country functions so far as we are concerned. We plan to bring out a third annual report, and you say we can't. It's right in the process of preparation, just on the verge of going to the printers. If the Board of Internal Economy's rulings apply, it can't be done. If you want to see the third annual report, you'll have to come down to my office and read it on the sheets.

I am just beginning to feel like a country cousin. That's what's happening here. When an Ombudsman was created for this province like I said last night it was created to serve eight and a half million people. In a huge province with 72,000 civil servants, 28 ministries, 300 to 500 boards, agencies and commissions—and we're doing a great job down there—if you came down and saw some of the handiwork of my colleagues in the office—

Mr. Mancini: I have been down to your office, Mr. Ombudsman.

Mr. Maloney: I'm not addressing these remarks solely to you, Mr. Mancini, they're going to your colleagues too and a lot of them haven't been down. If you were to see some of the legal research that has gone into our letters and our reports to the people you'd realize that we can't carry on with any less.

You ask me what's going to be the effect of the Board of Internal Economy's reduction of our estimates and I'll say this to you. The main part of the province that will be cut off is northern Ontario. Your part won't be so much—Kitchener, this part of Ontario, no. If the conclusions of the Board of Internal Economy are carried out northern Ontario will be cut off from the services of the Ombudsman. We will have to cut off our hearings, terminate them, stop them.

There are hearings scheduled for Sault Ste. Marie, Thessalon and Chapleau next week. They've been advertised; they're laid on. If I'm told by you tonight that you're going to uphold this, I'm going to cancel those hearings. I have to, because I haven't got the money to pay for them.

When I went around the province over the last two years and saw the demands from northern Ontario for recognition from Queen's Park, I became pretty anxious that the Ombudsman's office never be criticized for not having given them that recognition. The place in Ontario where the demand for service from the Ombudsman is the strongest is northern

Ontario. The one place which demands regional facilities is northern Ontario.

I don't mind saying to you now something that I hadn't intended to make public. Later I propose to recommend to you and your colleagues in the Legislature, Mr. Mancini, that regional facilities for the Office of the Ombudsman be provided to northern Ontario. To make that recommendation and now to have to say, "You're cut off," makes me very, very embarrassed by the whole state of affairs.

Another thing that is going to be drastically curtailed, if not totally eliminated, except from Toronto, again, will be your jails and your psychiatric facilities. Phil Patterson is the director of that directorate. How can he send anybody up to the prison of northern Ontario? He can't. We're cutting off the jails and the psychiatric facilities if we have to comply with the Board of Internal Economy's directive. We just haven't the money to do it.

Salaries and wages: I'll have to deprive my staff of the merit increases to which I feel they're entitled, since practically all of them haven't had any increase since April 1, 1976. Also, it won't be possible to renew the contracts of employees whose contracts are due for renewal between now and March 31. Employee benefits go with all these.

The transportation and communications cut is going to produce the curtailment of hearings on correctional centres and jail attention that is deserved.

I asked for \$75,000 for a management study and what do they do? You just listen to this. Listen to what they say about the management study:

"Moved by Mr. Auld, seconded by Mr. Maeck, and agreed that a management study of the Ombudsman's office be undertaken in co-operation with the Board of Internal Economy, that a steering committee consisting of staff of the Ombudsman's office and staff of the Board of Internal Economy be established to oversee the study and that the cost for such study not exceed \$25,000, the amount which has been included by the board in the approved supplementary estimates."

The staff of a board that contains three members of the cabinet will become privy to the innermost soul of the Ombudsman's office. What could be more incompatible with the whole Ombudsman concept than that? I'll never be a party to that. That will never happen.

I withdraw my request for a management study. I will never allow the executive

branch of government or the staff of any board that contains so many of them, to have entree to my office, to be privy to the secrecy of the files of my office, as would have to be done by whoever conducts that management study. That just won't happen as long as I'm the Ombudsman.

[9:45]

Here are some examples of items that have to be eliminated from services: French translation; keypunching, which they tell me is essential to the compilation of the statistics in our annual report; all temporary help; all medical and professional consulting services which have proven to be essential to the impartial settlement of a citizen's complaint in the workmen's compensation field. In the psychiatric field, I think you'll be impressed when you see the report of an investigation we conducted into a treatment program at the main psychiatric facility of this province for which we engaged medical advice. It cost us a whole lot of money but by virtue of doing that we have arrived at an answer to any future complaint in that area. When you see it I think you will be impressed by the importance of that study.

I can't say much more than I have. I have spoken too long already. I hate people who talk too much, as I said, and as Mr. Wildman overheard with his acute ears. I hope I didn't waste your time.

Mr. Mancini: His ears are slightly red, but other than that I think they are all right.

Mr. Maloney: I feel very strongly about that and I would like your backing; I would like your support.

I will say this to you. I say it to a group that apparently has no power to restore what was done. We feel emasculated. We almost feel we would close up shop except to carry on the office and do whatever can be done around Toronto, where we don't need transportation costs, where we don't need this, that or the other thing.

I bespeak your help and less of your criticism, if you don't mind my saying so, very respectfully. I accept it with all my heart and soul. I am convinced that in this province you have an Ombudsman operation that is second to none in the world. Thank you.

Mr. Mancini: First of all, let me say that the Ombudsman is very eloquent, much more eloquent than I could ever be. He puts forth his case very well. I guess we in this committee and all the members of the Legislature would be disappointed if we didn't have an Ombudsman who could do that.

I would also like to say that the Ombudsman makes a very good case and makes very good points for his programs and investigations. He defends them all in the best manner.

I would just like to close by saying that some of what the Ombudsman has said reminds me a lot of Ontario Hydro. Every time we ask questions, every time we ask for restraint, every time we ask for what I would consider to be a more responsible approach for the budget, we get from them, "Well, if you fool around with us, we will have power blackouts and you won't have electricity. You people don't know what you are talking about. If you knew all about Hydro, you wouldn't even be talking about this."

I got rather the same feeling when I heard the Ombudsman say, "If you don't give us \$4 million plus I won't be able to go to the north. You will ruin the Ombudsman's office."

I mean, \$4 million does buy quite a bit of service. And \$4 million in my opinion, and in the opinion of many people across this province, is a hefty sum of money. I want the Ombudsman to carry out his responsibilities; I want him to do the best job that he possibly can. But in the final analysis the Ombudsman is also going to have to be somewhat responsible to the people of Ontario for their tax dollars.

I say that if the Ombudsman can save a dollar, he should. I'm not saying that the Ombudsman should curtail his program. My God, you have given us a story of gloom and doom. You have carried out a good program, a solid program, for two years on a budget far less than this. Now you tell us that by the mere fact that you have been cut \$500,000 of a supplementary estimate your whole operation is going to fall down around you.

I would like to close by saying that frankly, I don't totally accept that.

Mr. Davison: Quite frankly, I wish I could say I was disappointed by what has transpired here this evening but disappointment would hardly be a strong enough word to describe what we have witnessed tonight. A body, the composition of which includes a majority of members of the government of this province, has seen fit—by what rationale it appears we will never know because of the defeat of the motion I put before the committee tonight—to axe half a million dollars, over 10 per cent of the Ombudsman's budget.

Mr. Reid: That's not true at all. That's not the way the system works.

Mr. Davison: If the system works that way, then frankly Mr. Reid it shouldn't work that way. The people of this province are entitled to the best Ombudsman's office we can deliver. They are entitled to an office that is second to none in the world. These cuts—and they are cuts with the greatest of respect—will indeed, as the Ombudsman has said, emasculate the Ombudsman's office. When the Ombudsman's office can only serve the city of Toronto and not the province of Ontario then there is something wrong.

The government has to understand that the borders of Toronto are not the borders of Ontario. That we will acquiesce in these cuts and in the changes in the delivery of the Ombudsman's service is to me, distasteful to say the least. It is indeed unfortunate. We have to understand something about the Ombudsman's office. I speak perhaps as one who has at times over the past two years been one of the most vocal critics of your office, Mr. Ombudsman. I think you are aware of that. I am clearly on the record many times as being critical of some of the things you have done. But we have to understand our responsibility. Our responsibility is to ensure that the people of this province get the best Ombudsman service that can be provided.

We have to understand we are not in competition with the Ombudsman. We work with the Ombudsman to help the people of this province and we don't work for the people or in the people's interest when we acquiesce in these cuts by the Board of Internal Economy without even requesting any kind of explanation as to why. The Ombudsman has put a strong case to us tonight as to why he needed the money and why he thought the supplementaries he requested would be to the benefit of the people of Ontario. Remember, we are dealing with \$500,000 out of a budget of billions. There are many areas in this government where \$500,000 buys for the people of this province a hell of a lot less than this \$500,000.

If we are really concerned with restraint here tonight and not getting at the Ombudsman's office, then let us suggest to the government places where we can find the \$500,000 without causing the kind of damage that would be caused by this budget cut. That's the issue before us tonight. The Ombudsman will not be able to provide to the people of this province the kind of service they are entitled to.

Finally, we have in this Legislature a vehicle through which members of the House can work with the Ombudsman's office in

trying to provide the best service we can. And that is the select committee on the Ombudsman. Mr. Reid is as familiar as most with what the select committee does as he has appeared before it and offered valuable comments as to how the Ombudsman's office should not operate in certain cases.

Mr. Miller, who is a member of that select committee and knows a great deal about its workings is with us here tonight. Mr. Ruston, who is also here tonight, is a former member of that select committee and knows a great deal about the workings of the Ombudsman's office. Mr. Eakins, who is with us tonight, is a current member of that select committee and knows a great deal about the workings of the Ombudsman's office. My colleague, Mr. Lawlor, is our newest acquired member on that select committee.

Mr. G. Miller: Don't speak too long. We'd like to get in a few words too.

Mr. Davison: What the committee tries to do is critically to examine the work of the Ombudsman and the way in which the Ombudsman delivers that service. After having examined that in a critical fashion, the committee does something quite different from what our Board of Internal Economy does. The committee works with the Ombudsman to try to resolve those problems, and to try to do some fine tuning to the Office of the Ombudsman so the service can be delivered in the best possible way.

The select committee on the Ombudsman does not blindly go out after what are apparently the most inefficient of studies of the Ombudsman's office and hack \$500,000 from the budget of the Ombudsman. That, my friends, is what we are acquiescing in tonight by our failure to deal with the Board of Internal Economy.

Finally, one point if I may. I don't think the Ombudsman strongly enough presented the case of the management study. The management study and the blue print that will be a part of it form for us, the people of Ontario, the future of the Ombudsman's office in this province.

The Board of Internal Economy, as many of you are probably aware, when confronted with the management study originally said "We can do it for \$50,000. There's no need to spend \$75,000."

Mr. Hodgson: One of your members said he could do it for \$100,000.

Mr. Wildman: That wasn't just a management study. That was the whole job.

Mr. Hodgson: That was Morty Shulman.

Mr. Davison: Morty Shulman would have

paid for it. The Board of Internal Economy said that the management study could be done for \$50,000 not very long ago. All of a sudden, Management Board says, "We can do it for \$25,000. Not only can the Ombudsman do it, but we can do it."

Mr. Warner: Meddling.

Mr. Davison: The Board of Internal Economy and through them the cabinet will be privy to every single bloody file in the Ombudsman's office. Please tell me, sirs, how the Ombudsman's office can operate when the government has its fingers in the files because I'd like to know.

There is a real need—and we make not light of it—for a management study for the Ombudsman's office. There are some real problems with the Ombudsman's office, but with good will we can solve those problems together. We can work with the Ombudsman's office to solve those problems. There's no way in which we should allow the government access to the files of the Ombudsman's office, regardless of how they get there.

Finally, let me remind you again, as I said earlier the Board of Internal Economy asked the advice of the select committee on the Ombudsman on dealing with the question of the management study. Now I find, as other members of the select committee find, while we operated with good will, while we operated in the open, while we discussed it in public meetings, the Board of Internal Economy at a closed door meeting has decided not even to wait for the comments of the select committee on the Ombudsman, which are due probably on Thursday of this week in the select committee's report, but has decided to ignore totally the process they set in motion. They say not only can they do it for \$25,000 but they'll do it for them. If I said I was disappointed, I would not be saying enough.

[10:00]

Mr. Warner: Have we got a speakers list?

Mr. Chairman: Yes.

Mr. Mancini: On a point of privilege.

Mr. Chairman: Mr. Mancini, on a point of personal privilege.

Mr. Mancini: It was stated very early in the comments of the hon. member for Hamilton Centre that he was disappointed that some members were trying to get at the Ombudsman. I take great personal offence at that.

Mr. Warner: Are you some members?

Mr. Ruston: Just take it where it comes from.

Mr. Mancini: I would be very disappointed if the Ombudsman we have today thought there were some members here who were trying to get at him.

Mr. Lawlor: I have a few questions. I don't want to deal with the overall issue but I want to deal with some special matters.

It would be of very great assistance in future estimates—and I know I'm putting you to extra costs—if we would have a document like the document I hold in my hand, the Office of the Ombudsman's breakdown with respect to the estimates for the year 1976-77. What it does is cut across the estimates we have in front of us. What we have in front of us is valuable enough, in the sense that we have wages, salaries and transportation services. But within your Ombudsman's office you have set up nine different categories or branches wherein each of these costs is broken down and allocated throughout. Certainly they are helpful from the point of view of a member sitting here or on the other committee—if it finally gets around to handling these estimates, which is my position, and not this committee at all. It shouldn't be here.

A second point I wish to make is that I notice in these estimates with respect to transportation and communications there has been a reduction, bless our immortal souls, from \$276,000 to \$233,000. Yet, curiously enough in the supplementary estimates, moneys are being requested under this particular heading, precisely to supplement. Why is this discrepancy between the fact of the reduction over against the previous year's estimates and with the supplementary coming in afterwards? Is there any explanation for that?

Mr. Mills: What does your question relate to?

Mr. Lawlor: The amount of transportation and communications shows \$278,000 for 1976. I have a figure of \$233,000 for this year.

Mr. Mills: Yes, we didn't anticipate we would use all of that amount.

Mr. Reid: I am sorry, Mr. Chairman, I can't hear the answer.

Mr. Chairman: Mr. Mills, would you just pull the mike to you?

Mr. Mills: I guess, Mr. Lawlor, you're commenting on the fact that our request for 1977-78 is less than for 1976-77?

Mr. Lawlor: Yes.

Mr. Mills: The estimates were prepared very conscientiously and honestly. We hon-

estly didn't expect that expenditures would reach the same level. The figure that you're looking at for 1977-78—

Mr. Lawlor: I'm sorry, Mr. Mills, let's stop right here. Why would you be anticipating there'd be a decrease in the amount of money under this particular item for this 1977-78 year?

Mr. Mills: At the time the estimates were prepared it was January and we adopted the expedient of projecting forward the expenses recorded up to December 31, which was the latest available information we had.

Mr. Lawlor: Let's take transportation. Were the number of trips that were being taken cut back? Was the Ombudsman or his staff not making as many visitations to other places or what was happening?

Mr. Mills: In terms of private hearings, the answer is that we were making, and expected to continue to make, as many as we had. The unpredictable element is the travel on individual investigations.

Mr. Lawlor: And you just didn't anticipate that you would have that level, the same level as the previous year in that area?

Mr. Mills: No.

Mr. Lawlor: But you subsequently learned that you were going to have a good deal more?

Mr. Mills: Yes.

Mr. Lawlor: Arising out of North Pickering and what we have all spent hours discussing now?

Mr. Mills: No, I would say in relation to general investigations.

Mr. Lawlor: Just general investigations?

Mr. Mills: To correctional centres.

Mr. Lawlor: All right. I assume you are somewhat off on that, not much, but a little—

Mr. Mills: Can I make one further observation?

Mr. Lawlor: Yes.

Mr. Mills: The figure you have in front of you for 1977-78 is the figure the board approved. The figure I requested was \$256,000.

Mr. Lawlor: Oh, I see.

Mr. Mills: So before you cut back what I had asked for—

Mr. Lawlor: Yes, but again the \$256,000 was somewhat less than the estimate of the previous year.

Mr. Mills: Yes.

Mr. Lawlor: What was the actual expenditure of the previous year?

Mr. Mills: In the fiscal year of 1975-76,

which is not a full 12 months, the actual expenditure was only \$81,000.

Mr. Lawlor: Do you know the figure, the actual figure, of 1976-77?

Mr. Mills: Yes, it is in the public accounts. I don't have them with me. I notice that one of the members does though.

Mr. Lawlor: I see.

Mr. Mills: It could be in volume three.

Mr. Lawlor: Were they somewhat less than the amount you requested?

Mr. Mills: I really don't recall.

Mr. Lawlor: You just really don't know, eh?

Mr. Mills: No.

Mr. Lawlor: All right. I will check that out. A final question: What was the number of actual complaints lodged with the Ombudsman's office for the fiscal year 1976-77? We have this report but they cover different periods and it's hard to nail it down.

Mr. Mills: I am unable to answer that question.

Mr. Lawlor: Do you know?

Mr. Hainey: We don't have those figures, Mr. Lawlor. Our reports don't coincide with our fiscal year. Our future reports, as Mr. Maloney has indicated, will be issued on a semi-annual basis. However, the reports do not coincide with our fiscal year so I could provide you at a later date with the volume of complaints we handled during our 1976-77 fiscal year but I don't have that figure at hand at the present time.

Mr. Lawlor: It bothers me just a little bit. For many years there have been overlaps, et cetera, and I thought the Ombudsman's office was, in a sense, trying to get all governmental.

Within the fiscal year set-ups et cetera and while you issue the reports half yearly, if it's not too much trouble I would like the coincidence for the figures to fall within particular periods for comparative estimates from year to year as the Ombudsman's office develops. Would there be—

Mr. Maloney: Do you mean could we arrange to still have two reports a year, every six months, but the second one would have a close-off date of March 31?

Mr. Lawlor: Yes.

Mr. Maloney: There is no reason why we couldn't do that.

Mr. Lawlor: With a table in there that would indicate the fiscal year period.

Mr. Hainey: If I may, Mr. Chairman, Mr. Lawlor, our second report to the Legislature

dealt with complaints during the period July 1976 to March 31, 1977. Our third report to the Legislature which will be released some time in January, if it's printed, will cover complaints dealt with by our office during the period April 1, 1977, to September 30, 1977, which would be half of the fiscal year.

Mr. Lawlor: Right.

Mr. Hainey: The fourth report to the Legislature would deal with the second half of that fiscal year so in answer to your question, our future reports will coincide with the fiscal year of the Office of the Ombudsman.

Mr. Lawlor: Excellent. What was the figure here in this report, 7,000 some-odd complaints? Am I wrong or right about that?

Mr. Hainey: Just under 7,000 complaint files were opened, I believe, Mr. Lawlor.

Mr. Lawlor: And is it your continuing experience that say around 60 per cent of those complaints are non-jurisdictional?

Mr. Hainey: During the last reporting period, 36 per cent of the complaints were found to be within our jurisdiction. In other words 64 per cent were out of our jurisdiction. I think you'll find that in our third report to the Legislature, which will be released as I say in January, the percentage of complaints within our jurisdiction will be even higher.

Mr. Chairman: Mr. Warner, Scarborough-Ellesmere.

Mr. Warner: Thank you, Mr. Chairman. You're doing your usual fine job. I always appreciate it when you're the chairman of the committee. You do a great job.

Mr. Chairman: Thank you very much.

Mr. Warner: I have a few questions and a few comments for the Ombudsman. I could sympathize quite a bit with some of the comments that you had to make earlier. I have had the unhappy experience of having to deal with the Board of Internal Economy in the last few months and went through a similar kind of situation—perhaps not of the same magnitude as you have, but a similar kind of situation—where we were misled by the Board of Internal Economy when we talked to them about reclassification of our support staff and were told to go through a particular exercise, which we did.

We reported back to the board. The board then drafted up what it in its wisdom thought was the fitting approach to it all, but when the dust had settled, our support staff did not get reclassified. They got, at best, a modest increase; for some, no increase at all

in their salaries; and not by any stretch of the imagination reclassification.

The Board of Internal Economy did not understand what reclassification was all about. They ignored the presentations made to them by the leader of my party and the House leader, as well as others. The whole experience was, quite frankly, very frustrating, extremely frustrating. What started out as an impartial exercise on behalf of support staff workers in all three caucuses turned out to be a very political exercise by a small group of people. And I emphasize that—a small group of people.

When you spoke about your salary component and how you commissioned a study, I note it was done by Hickling-Johnston. I certainly have some respect for that group since they did the members' salaries study and came to the wise decision that we needed an increase.

Mr. Reid: Not as much as second-year lawyers.

Mr. Warner: So obviously they're objective and they're good at doing their work. It bothers me very much, and I want to touch on it because I don't think it can be taken lightly, that the Board of Internal Economy should be involved in a management study. That's absolutely wrong. There's just no justification for that. I could understand there being some rationale for the select committee on the Ombudsman being involved if it were deemed necessary, because it is an all-party committee and has at times been used as a vehicle for the Ombudsman to have a voice to the Legislature. So there is perhaps some rationale for the select committee, but there is no rationale for the Board of Internal Economy to be involved in a management study of the Ombudsman's office.

Quite frankly—you didn't say it but I will—it sounds to me as though they do not trust you. They do not trust what you are doing if they have to be involved in a study of your internal workings and be privy to those files. I don't like that, I really don't.

I have concerns as a member. I've just been here since 1975 but prior to that I well understood the movement in the province of Ontario to achieve an office of the Ombudsman, and have supported that notion entirely. I'll tell you quite frankly I have some concerns as to how the office is functioning and how it is to function in the future, but I'm prepared to give the benefit of the doubt to the Ombudsman because I think that, first of all, it is a huge operation involving eight and a half million people in the province of Ontario and it hasn't been in existence very long.

[10:15]

I note that 64 per cent of the complaint files are outside your jurisdiction and so probably it would seem to me to be reasonable that as the office develops there will be consideration given to expanding the terms of reference. That seems important. Every time you do that you have growing pains, I assume. Surely we have to be somewhat patient with all of that. I would hope that the Ombudsman realizes that as a member of the Legislature I should raise my concerns even if I am unhappy on occasion and at the same time realize that I am in total support of the Office of the Ombudsman. I would like him to be able to make that kind of distinction.

For example, I have had cases involving the Workmen's Compensation Board where after you have fought with the board on behalf of your constituent and see no result and are convinced that the constituent is right, you then send the constituent to the Ombudsman's office. I don't know what has taken place from there. But two things come to mind: Does the Ombudsman think it proper that, not only in terms of investigating the individual case, but in terms of the overall picture, the Ombudsman should make a list of recommendations of potential possible changes in the Workmen's Compensation Act, and send that to the Legislature? Perhaps the vehicle is through the select committee, I don't know. I would like some comment along that line.

I have two other major concerns. When we talk about expanding the guidelines it seems to me that perhaps one of the most important areas the Ombudsman needs to consider is the whole area of consumer relations or consumer protection. We have a ministry very clearly set up, the Ministry of Consumer and Commercial Relations—as I said the other night this kind of sounds like your relatives. If you can settle squabbles amongst your relatives you're doing all right, but it's not really consumer protection. I gather that unless it involves a government agency of some sort, that it's outside of your jurisdiction, but consumer protection is increasingly a tougher and tougher area for all of us—citizens and MLAs alike. I'm wondering if the Ombudsman has some comments as to what he would envisage his activity could be in that regard.

The third item is confidentiality. I would like to know if the Ombudsman is aware that when I raised the matter in the Legislature you very kindly and promptly responded—I was impressed, quite frankly. It involved a

constituent at Ontario Hydro. I'm to understand that subsequent to that Ontario Hydro has set up a little committee to deal with relationships regarding the Ombudsman's office. I'm wondering if that's some sort of defensive mechanism on behalf of Ontario Hydro; are you concerned about that? If they have such a committee working, does that jeopardize the confidentiality of your work with my constituent, who happens to be an employee of Ontario Hydro? He's concerned about it, because it's been brought to his attention that his employers realize that he's gone to the Ombudsman's office and he's concerned about his future employment. I'm concerned too. I don't know, so I'm asking.

Mr. Maloney: Mr. Warner, in relation to the Hydro inquiry, I don't feel any sense of alarm that they've set up a committee within Hydro to zero in on complaints that come to the Ombudsman. Maybe that's an indication of the fact that the existence of the Ombudsman is making an impact on a very important agency of government and may result in good things. The experience of ombudsmen all over the world is that the very creation of the office of the ombudsman has somehow or other an uplifting effect on the bureaucracy. It stems from the understandable aversion we all have to have somebody peering over our shoulder, so we try to so conduct ourselves that the likelihood of that happening is going to be greatly diminished.

I would be very, very alarmed to think that any employee of Hydro who complained to us felt his job was any way in jeopardy by reason of having complained to us. If I thought that for a minute and if you brought the case to my attention we will certainly get to the bottom of it and put the kibosh on it as fast as we can to the fullest extent of our ability.

Consumer protection: I don't think I am breaching my oath under the Act but we have a matter now that is under review. We are very concerned that a bureau has been set up to give protection to the people and the people are lulled into security that comes from thinking, "Well, it looks as if we are secure now. We have this Ombudsman fellow."

In the consumer protection field they have set up a bureau and totally inadequately staffed it. It cannot do the job at all. The public are not getting the protection they thought they were getting. We have made a recommendation that this particular branch of the ministry be properly staffed. If they

are going to offer that kind of protection to the people they should have enough staff to do the job.

When we detect things like that, when we see areas in which public protection can be better assured, we will make a recommendation. I am not sure whether the recommendation gets its way into the next report or whether it will be in the one after that, but it is fairly current.

You referred to the power of the Ombudsman to recommend changes re workmen's compensation. We have had a lot to do with workmen's compensation cases. In our last report we made certain recommendations regarding appeal procedures, information that ought to be given to the public and that sort of thing. This is an ongoing thing. I presume you will find in the next report when it is available that we will have further opinions to express on workmen's compensation procedures. So we do try to accomplish things in the areas you mentioned.

I am obliged to you for your comments on the office. I am also obliged to you for having brought to our attention the case that you referred to in the Legislature which we tried to look into.

Mr. Warner: Mr. Chairman, I have a quick last question. The problem of setting budgets is obviously a difficulty because the Office of the Ombudsman is unlike the other ministries we deal with. The Board of Internal Economy, it seems to me, is not the appropriate place for a budget estimate to be placed. I think that we have to re-examine how we go through this system. It seems to me that it would be more appropriate, albeit entirely a different approach—but then again the Office of the Ombudsman is a different approach to how we live in Ontario—to have the budget estimate for the next fiscal year to come before the select committee on the Ombudsman to be dealt with there. And whatever decision is reached by that committee that is the amount which will stand. I am wondering how the Ombudsman would react to that suggestion.

Mr. Maloney: If the Ombudsman is permitted to say, "Hear, hear," that is what I would like to say, because that is the committee that ought to pass judgment on the estimates of the Ombudsman. They see us day to day, they have access to our office, they are down to the office frequently. They have participated very, very actively in our National Conference on Canadian Ombudsmen; they saw the thing at first hand. That is the one committee of the Legislature that should be reviewing our Ombudsman's estimates.

Mr. Hall: In my view, the Office of the Ombudsman certainly deserves co-operation and not confrontation. Long before I got to this Legislature I read of and observed Mr. Maloney as a brilliant lawyer and a widely respected person. He is well able to defend his estimates better than anyone else, including the member for Hamilton Centre.

Certainly I don't feel that sitting as a member of the estimates committee I am asking you to come here to act as a country cousin, or call you to task for the performance of your office. However, the system does ask legislators to consider the estimates. And when I was in business on many different committees, what-have-you, when I wanted others to understand what the project was or what I was trying to sell, I set out the facts of the matter and then I proceeded to defend them.

I do find myself, as I stressed earlier, handicapped by a lack of information here. To put it in a somewhat Irish way, I am wanting to help, I am willing to help, I am waiting to help, but I don't have the raw material here to say yes, this makes sense and that makes sense.

I wonder whether or not the select committee of the Ombudsman, out of inexperience in this new situation itself, has not been remiss in addressing itself to including in its reports what the Ombudsman's needs are and giving their opinion as to whether they are justified and therefore recommending what financial aids are basic to implementation of the program.

In this particular flare-up which we have had tonight, which I don't think serves any of us too well, I have asked around. So far as I know the select committee has not met to discuss these matters in the last two or three weeks. I think that is unfortunate if that is the case. We are here as standing members of the estimates committee. We are stuck in this room for many an hour. We are supposed to be here looking at various estimates and the same rules apply.

I suggest to you, by way of my view as to how to make things better, that presentation of fuller information would dispel arguments and not create arguments and we would all be better served by it. That's really what I wanted to say at this time. I would appreciate whether you feel that the detailing of this goes against the function you are trying to serve. If that is the case, I would be enlightened. But you did make a lot of references halfway through the meeting tonight which did get into details which I think are germane to the subject.

Mr. Maloney: I thought we were complying with the format of recognized budgetary procedures for committees and all the material—I don't think there is anything that could be asked of the Office of Ombudsman—that was not filed with the Board of Internal Economy. We didn't refile it with you as a committee on the assumption that what was before the Board of Internal Economy would be relayed to you. But anything you want to know—

Mr. Hall: I would be happy to join in as one of your promoters or defenders or whatever word you choose to use, Mr. Ombudsman, but I have to have something to look at and comment on.

Mr. Maloney: I didn't realize that the material—

Mr. Hall: It varies from ministry to ministry. The Housing ministry give you a book that thick. Other ministers don't give you much unless you fight for briefing papers.

Mr. Maloney: We can get you all the material we filed with the board.

Mr. Hall: It is just a suggestion which I would hope might eliminate a lot of these problems.

Mr. Maloney: I agree. I didn't realize, frankly that you hadn't been filled in to that extent.

Mr. Hall: I don't think it is your task to anticipate everything, but I think others who are aiding you should.

Mr. Maloney: I will take the responsibility. I will see that you get it.

Mr. Chairman: I have these members on the list: Mr. Miller, Mr. Ruston, Mr. McCaffrey, Mr. Wildman. When we commence in the morning, is it your wish that we maintain that list?

Mr. Wildman: It depends on who is appearing before us.

Mr. Chairman: All right. The committee will adjourn to convene at 10 a.m. tomorrow.

The committee adjourned at 10:30 p.m.

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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Office of the Ombudsman



First Session, 31st Parliament

Wednesday, November 30, 1977

Morning Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, NOVEMBER 30, 1977

The committee met at 10:02 a.m.

ESTIMATES, OFFICE OF THE OMBUDSMAN (continued)

Mr. Chairman: Last night Mr. Reid moved that the Speaker of the House be invited to explain to the committee dealing with the Ombudsman's estimates why: (a) he asked Mr. Fleming to write such a letter to Mr. Davison; and (b) why he did this before the Board of Internal Economy had decided what dispositions would be made of the additional supplementary estimates requested by the Ombudsman. I met with the Speaker last night and I have in my possession this morning a letter from the Speaker which I'll read to the committee. It's addressed to me as chairman.

"Last evening, in accordance with the direction of your committee, you drew to my attention the committee's request for clarification of certain correspondence sent to the hon. member for Hamilton Centre in his capacity as chairman of the select committee on the Ombudsman.

"On November 14, on my instructions, the director of administration conveyed the following documents to the chairman of the select committee:

"1. Letter to the Speaker from Mr. Maloney dated October 31, 1977, with supplementary estimates attached;

"2. Notes of opening remarks to the Board of Internal Economy by Mr. Maloney, November 8, 1977;

"3. Proposal by Mr. Maloney forwarded to management consulting firms for a management study of his office;

"4. Check list of questions prepared by the staff of the Board of Internal Economy re: supplementary estimates, Office of the Ombudsman.

"I am enclosing a copy of each of these documents since it would appear that they were not tabled by the member for Hamilton Centre. May I draw to your attention item 4, a check list of questions prepared by the staff of the Board of Internal Economy for the use of the board and prepared on the instruction of the board. The impli-

cation may have been drawn that the staff of the board had predetermined the decisions of the board itself. I assure you that this is not the case.

"The board gave no consideration to the supplementary estimates until its meeting on November 28 between 3:30 p.m. and 5:30 p.m., at which time the board, in exercising its statutory obligation, recommended the supplementary estimates which were conveyed to the House on November 29. My purpose in having documents conveyed to the chairman of the select committee on November 14 was simply to be certain that he was kept apprised of the requests being made by the Ombudsman.

"I hope that this will clarify questions which may have arisen. Members of your committee are, of course, aware of my duty concerning the board—that is, only to act as its chairman—and I am bound by the decisions of the board. Members may wish to seek further assistance from their caucus representatives on the board.

"Yours sincerely,

"John E. Stokes,
"Speaker."

In addition, I have the documents here to which Mr. Stokes referred in his letter and I'll table them if members wish to review them.

Mr. Reid: Mr. Chairman, I wonder if I could speak to the situation. I'd like to apologize, as I did last night, to Mr. Fleming for taking his name in vain. I would also like to apologize to the Speaker, now that the matter has been clarified.

I do feel, however, that we were led down the garden path somewhat by Mr. Davison in the use he made of those documents which were not made available to other members of the committee, and the further information he received, I think we can safely presume, from the Ombudsman or his staff. The very clear implication left by Mr. Davison when he read from those documents and used the information that was available to him—and him alone—was that the Speaker had injected himself into these matters; that he, the Speaker, was upset with the way the Board of Internal Economy had dealt with

this matter. Certainly that is the conclusion Mr. Davison left with all members of the committee.

What happened last night is kind of a weird and wonderful thing; a strange one. It shows, I think, that the situation for the approval of the estimates of the Ombudsman leaves a great deal to desire when we have to play these funny little games.

I'd like to say two things, however. One, that I feel Mr. Davison owes this committee an apology for what he did last night; two, I think this committee and the select committee on the Ombudsman should recommend a much better way of dealing with the estimates of the Ombudsman.

Perhaps it should be removed from the purview of the Board of Internal Economy and made a function of the select committee, as has been mentioned. Of course there is a slight problem with that—that in fact there may not be any select committee of the Ombudsman at a particular point in time.

However, I'd like to put on the record one more time that on June 17, 1976, there was a motion moved in the House by Mr. Welch, seconded by Mr. Deans, that the Board of Internal Economy deal with the expenditures of (a) the office of the Provincial Auditor, (b) the commission on election contributions and expenses, (c) the chief election officer and (d) the Office of the Ombudsman.

I think it should be noted that among others who voted for that resolution were Mr. Davison—the leading defender, it would seem, according to Mr. Maloney on the radio this morning anyway, of the Ombudsman's office—and Mr. Lawlor as well. As a matter of fact, all the Conservative and NDP members voted for that motion and the Liberals voted against it, Mr. Maloney. I thought you might be interested in that in case you weren't aware of it.

I would say, Mr. Chairman, I am somewhat offended at the approach Mr. Davison took last night. I think he caused a lot of consternation and called a lot of people's integrity into question for no reason at all.

Mr. Davison: I find myself in a much more comfortable position of defending myself from the Ombudsman today as opposed to yesterday. I make one apology only and that is to the Ombudsman for the lack of skill I may have possessed in defending him last night.

I would say to Mr. Reid that members of the select committee were aware I had been approached by the Board of Internal Economy in regard to this question. It was

clear to the members of the select committee, as I recall it, at the third-to-the-last meeting, that I did have some documents in my possession.

In regard to what the Speaker's opinion is of the office and what the Speaker is trying or not trying to do, or what I implied the Speaker is not trying to do, quite frankly, sir, that is your own personal opinion. If you chose to jump to conclusions, that's not my responsibility. I recall last night that you first decided that you knew in advance of my telling you where the information could possibly come from. You're entitled to your opinion.

Secondly, I feel I owe no apology to this committee for the documents I made public last night. What the Board of Internal Economy did, especially with regard to the management study, was patently wrong. We have to deal with the Ombudsman's office, if it is going to be a success, in the public light, not behind closed doors. So I make absolutely no apology whatsoever for releasing those documents yesterday, nor the manner in which I released them. The documents would not have been released by me if the Board of Internal Economy had not done what they did with regard to the management study.

I felt terribly offended, not so much as chairman of the select committee but as a member of this House, by the actions of the Board of Internal Economy in regard to the management study. I think they were clearly wrong, and they are just as wrong today as they were last night and as they were when the Board of Internal Economy made their decision. I stand by that. I believe the public has a right to know what is going on in connection with the board and this office. If that offends your sensitivities, it is unfortunate, it is too bad.

Mr. Reid: What offends me is the way you did it.

Mr. Davison: We can't all be sophisticated.

Mr. Chairman: Perhaps the matter could rest at that.

Mr. G. I. Miller: As a member of the select committee on the Ombudsman, I would like to speak. It has been an interesting year as far as I have been concerned. As the Ombudsman stated last night, he has been of considerable assistance, particularly in my riding, in resolving some of the differences between the fishermen and the Ministry of Natural Resources.

There is also one further problem that is being dealt with, perhaps it is dependent on

the resolution of the problem at Pickering, and that is the South Cayuga townsite. It is of particular concern to myself and the Legislature that the problems at Pickering should go forward. We should have an answer. The money has been spent—as I think was indicated last night, \$250,000, if I am correct on that—and we still don't have an answer. It is the duty of the Legislature to make sure that we get answers accounting for money that is spent. We had a conference in the summer, where we entertained the ombudsmen from across Canada and from overseas. I would like to think that the ombudsmen did have a good conference. It was headed by Mr. Maloney and his staff, and they had a very successful conference. It came across to me, too, as an observer on behalf of the select committee, that the other ombudsmen, in Canada particularly, are a little envious of the staff and the facilities that we have in Ontario.

As far as the discussion that has taken place here is concerned, we have to justify the expenditures and perhaps criticism has been levelled in that direction. However, I think Mr. Maloney is in a position to defend himself and I think he pointed that out very clearly last night. Perhaps it has upset my colleagues that we should leave it to Mr. Maloney to defend his actions and his department.

As far as the budget goes, there are a couple of concerns. When the budget went in last March they were asking for \$3.999 million. This was cut down to \$3.560 million. Perhaps I could ask, as they ran into a deficit in 1976-77 which had to be made up this year, if we take that into consideration we would have had a budget of something like \$3 million for last year.

[10:15]

Again, it is a new operation, and it is difficult to estimate the work load. The question I would like to ask is how this was fitted into this year's budget. I don't see where the deficit from last year was brought in in 1977-78.

Mr. Chairman: Just before you put that question, Mr. Miller, Mr. Reid sent me a note asking how much time we have left. For the information of the committee, we have from 10 a.m. until 12 noon, and 1 p.m. until 3 p.m. The estimates will be completed at 3 o'clock this afternoon.

Mr. Maloney: Mr. Chairman, is the committee going to attend the swearing in of the new Chief Justice of Ontario, which is scheduled to take place in the Legislature this afternoon at 3 o'clock?

Mr. Chairman: No. Our committee is going forward. If there are members on the committee who wish to attend, that's their prerogative, but the committee isn't going to adjourn for that ceremony. Mr. Maloney, would you like to respond to Mr. Miller?

Mr. Maloney: Mr. Miller, thank you for your references to the office. I appreciate them because they come from someone who is thoroughly familiar with the office, by reason of your visits to it, your service on the select committee, and the extent to which we had occasion to collaborate in the resolution of the problem of the fishermen.

Mr. Allan Mills will correct me if I am wrong, but we underbudgeted for the last fiscal year. The reason for underbudgeting is that we have great difficulty anticipating our requirements. I don't know, for example, if between now and the first of January we are going to be confronted with another Pickering type of case, or South Cayuga land assembly case. Investigations of this sort involve expenditures beyond those required for the ordinary case.

That's why I urged you and the select committee on the Ombudsman to assist me in finding a mechanism whereby the Ombudsman can come back like any other ministry to get the additional funds needed when problems arise that can't be anticipated when budgetary requirements are determined. As a result, we found ourselves at the end of the fiscal year short about \$250,000. We had to borrow into the requirements for this present fiscal year.

That accounts for about a quarter million of the \$1,100,000. Maybe I am repeating myself; stop me if I am. Another quarter-million is involved because of our requirement to go through with the North Pickering hearing; there's half a million right off the bat. The other quarter-million was part of what we asked for last March. It was part of that total of \$3,900,000, and all it meant was giving to my staff the same salary and merit increases that were given everyone else. That was I thought suspended, not removed.

I viewed the actions of the Board of Internal Economy as suspending that part of our request for fear we were in violation of the AIB regulations. Since then we have checked with the AIB; they have given us a clean bill of health and said we were in compliance with their requirements. So we came back to the board through the mechanism of supplementary estimates and said, "We are in the clear as far as AIB is concerned. Now will you give us what the other people in the public service are getting?" So there you are up to three-quarters of a million.

Mr. G. I. Miller: I think the concern that came over the news report this morning was that we were not going to be able to provide services for northern Ontario. This is a concern to me, because I think the Ombudsman has to cover the whole province. Is it not possible this service can be provided? You worked under a deficit budget last year. Is it not possible to work in perhaps the same position so the service can be provided?

Mr. Maloney: I just wouldn't do that. I'd be concerned about the problems with which I'd be confronted next March or whenever it was disclosed. I'd taken it upon myself to exceed my budget. I wouldn't undertake it; I couldn't do that. I appreciate your concern but I say in order for us to continue to pay our salaries, pay our rent, to carry on the basic operation of the office, all of the hearings of the Ombudsman are cancelled until I'm advised I have the funds with which to handle them.

There was one hearing advertised and scheduled for next week in Sault Ste. Marie, Sudbury, Thessalon and Chapleau. I was about to call our contacts in these areas to advise them of the cancellation of this hearing when I was advised by members of my staff, headed by Gilles Morin, Glenn Hainey, Stephen Jones, Phil Patterson, Bruce Churchill-Smith and Gary Speranzini that much to their credit, they will go through with the trip to Sault Ste. Marie, Thessalon, Chapleau and Sudbury at their own expense. They'll pick up the tab, paying their own travelling expenses, their own hotel expenses.

I was able to advise the people in northern Ontario that the tour scheduled for next week will continue. The office staff will pay their own expenses so that happily, the tour will not be cancelled. But beyond that, it has to be. The only way out I can see, would be if the government were prepared to take the albatross of Pickering off my neck to the extent that it would reimburse me for the moneys we've had to expend by reason of this North Pickering hearing since April 1 and reimburse us for all the expenses that that will incur between now and March 31.

If they were to do that, and leave our supplementary estimates in the amount they fixed of \$660,000, Mr. Mills tells me we could make do. If the government could be persuaded to do that and if the Board of Internal Economy would leave the estimates as they are, we're all right. Otherwise, our operations are very seriously, very effectively, curtailed till the beginning of the next fiscal year.

Mr. G. I. Miller: Another concern I

noticed and I think it has been brought out is that there were 7,000 problems dealt with in the past fiscal year. Thirty-six per cent were within your jurisdiction. Of that 64 per cent that were not within the jurisdiction, how many municipal problems were received?

Mr. Maloney: I think I can put my finger on that in just a minute. It doesn't give me a percentage, but we can work it out. Five hundred and twenty-seven involved municipalities or local police forces; 388 involved federal government departments or agencies, which are equally out of our jurisdiction, and 1,140 involved matters of private grievance between a citizen and individual or company.

Mr. G. I. Miller: That's under 10 per cent then from a municipal point of view.

Mr. Maloney: Just a little over 10 per cent.

Mr. G. I. Miller: A little over or a little under?

Mr. Maloney: The total number of complaints in the reporting period of files opened was 4,989, say 5,000. Of the 5,000 closed, 527 involved municipalities, including local police forces.

Mr. G. I. Miller: Roughly, 10 per cent.

Mr. Maloney: Yes.

Mr. G. I. Miller: Mr. Chairman, we do have to justify the expenditures, as far as the support of the Ombudsman and his functions is concerned. I have no problems doing that. I am concerned about the increased cost, as has been expressed by my colleague. I think it is the function of this committee to make sure the money is well spent. I think, again, the criticism that has been levelled is strictly in that light, and the Ombudsman's office shouldn't be in the hands of the government. It is, in my opinion, to work in the interest of the public and I hope this will continue. From the discussion we've had around this table, it might come out to function better on behalf of everyone in Ontario.

Mr. Ruston: Firstly, I want to say with regard to the presentation made last night by the member for Hamilton Centre, I feel, as do others, I guess, he was misleading. I thought he was misleading the committee, and I think I listened very well, in the way he made his presentation. I object strongly to the type of presentation he made. However, that's up to him and he can live with that.

Mr. Wildman: Point of order, Mr. Chairman. Is the member suggesting that a member of the House misled the committee?

Mr. Ruston: What I am saying, if I may enlighten the hon. member, is the way he read the letter gave the impression to me that it was the Speaker and the Director of Administration who had given him all this information.

Mr. Chairman: Does that conclude your point of order?

Mr. Wildman: Yes, that's fine.

Mr. Ruston: We discussed to some extent how estimates should be handled. There are certain departments that are the responsibility of the Legislature, not of the government or the Lieutenant Governor in Council. When the Auditor was before the committee with his estimates, we had a discussion with the House leader of the government. There is always this thing we have lived with in our democratic system in the way it's set up in Ontario and Canada, and that is the Lieutenant Governor in Council must approve all expenditures. There seems to be a problem with getting it out of that area. I spoke very strongly on that. I thought the Auditor was one, too, who should be out of that area. It should be a committee of the Legislature, probably chaired by the Speaker. He doesn't have a vote in the Board of Internal Economy now, and perhaps that would be the way the estimates should be handled. There would be representatives from all parties on this committee, and it would report directly to the Legislature.

I believe wholeheartedly that the Ombudsman, the Auditor, and the election office are three that should be under that category and not in the hands of the government as such. However, we haven't got it in that area yet, so until such time as that's done, we have to do it the way we've been doing it.

Having sat on the Ombudsman committee for a year or so, I'm very disappointed in the remarks made by the Ombudsman last night with regard to his cutbacks. Well, it's not cutbacks; however, it's cutting back by the Board of Internal Economy on what he had asked for. He said he was going to stop all service to the north and so forth. It just reminded me so much of a boy who had a baseball, and if they wouldn't let him pitch, he was going to go home. I just couldn't understand that coming from a man of the integrity you have.

I have high regard for you and your office, and for the high credentials you brought into this office. Those remarks concerned me a great deal. I realize the Pickering thing has been a real fiasco and that's, of

course, another matter where you have a special circumstance. When a circumstance such as this comes along there should be authority for the Ombudsman's committee to report to the Legislature that you need extra money, even if it's halfway through the year. These are the things that should be ironed out.

[10:30]

But with the increase that you have been allowed, the original estimate of \$3,560,000 and now with the supplementary of \$633,000, if we take \$250,000 for the Pickering project, maybe the Cayuga district was another one and some other places where you have expenses you didn't expect, we could take another \$250,000 off that. With any kind of budgeting it seems to me that a person could tell the general expected expenses for a year and then you have these extras.

You got an approval of \$633,000, that would cover the extras. So I am very disappointed that there is not some way that this could be handled. You mentioned a minute ago that some of your staff were willing to go north at their own expense. You say there are six going. I don't know how many were in the Windsor and Sarnia and Wallaceburg area at the time. Is it generally six?

Mr. Maloney: It will vary depending on the area to be visited. There were seven planned for the tour for the north that is scheduled to get under way on Tuesday.

Mr. Ruston: They held hearings in Windsor on October 12. There were 75 people who came. On October 13, there were 18 and on October 14, there were 44 in Sarnia. October 13, there were 18 in Wallaceburg. Maybe you should send three instead of six. I don't know if this would be up to you and your office staff to decide this, or your administration. But maybe three could do it and stay one day longer and handle it all.

I think you have to look at whatever ways there are of cutting down. I don't want these people to go at their own expense at all, but I am sure you can find a way. It can be done. I just cannot in all sincerity say you can't get along on the money that is allowed you. I will be leaving the meeting at noon to go back to Windsor to appear before a group which has been laid off from OHIP-50 employees of the Ontario government. I know they are going to have some really sad stories.

I have one in my own riding. She and her husband bought a house a year or two ago and she is expecting in about eight months.

She was hoping she could keep working during that time. Now she is laid off and no chance of picking up a new job. There are many people whose lives are being disrupted. I for one cannot consciously increase one particular budget more than what has been allowed here and go back and talk to these people.

There's only so much money to go around. The children's aid societies are complaining very strongly now that they don't have enough money to carry on. We as legislators have either to go to the public purse and get more money, or we have to try to keep within reasonable grounds of increase each year, otherwise we disrupt the whole system.

I have no qualms in saying that the office is necessary. It has been doing a good job. But from day one I have always felt that it was building up too fast. Now I guess it is catching up with us, but we are in this position now and I think we are going to have to live with it. We are going to have to live with reasonable increases each year, when we have no alternative. But I don't agree with running a deficit from the previous year. I certainly agree with you when you said you wouldn't want to run another deficit into the next year. You will have to keep within your budget that has been set forth now.

There is one alternative that I have mentioned. If some special area comes up that demands investigation by you and a committee of the Ombudsman was to come in and recommend this to the Legislature, I am sure it would be considered. Under the circumstances the money allocated here has got to be all we can allow to be expended. Of course, it has been set up for us anyway. I would think that is a reasonable amount for this year and is a much larger increase than most other ministries have been allowed.

The Auditor, for instance, doesn't have the travelling expenses and so forth you have because of your work. He has about 100 employees and his budget is just a trifle over the \$2 million. I can understand an extra \$1 million because of the type of work you are involved in, so I am not saying your budget should be \$2 million. What I am saying is that it must be kept within a reasonable increase each year.

If one area or one department of government—and you are not considered a department of government—is given an exorbitant increase, then naturally there are going to be hard feelings in other places. People are being upset because they are not able to

keep their jobs, or because of layoffs, or they want to do more things in their ministry.

I am sure many ministries would like to have more money. We are getting calls every day from people on old age pensions who are trying to keep up their homes and are having problems. They want an increase, but we as legislators can only go to the public so often for more money. I think it is a responsibility of all of us here, and of those who work in government agencies, to see increases are kept reasonable at all times.

As far as going into the operations of the Ombudsman, I think Mr. Mills, your administrator, is a very capable man. I met him when he was at previous committee meetings and I am sure he is capable of handling the administration.

The holder of the office of the Ombudsman is, no doubt a most capable man, but I am disappointed in—and I must reiterate that—the remarks made last night because I think that is not good for the office. I don't think it is good to take that attitude. There have to be ways of coping with these situations as we go along. We in government have to be prepared to do that.

Mr. McCaffrey: Mr. Chairman, just three or four points somewhat further to what Mr. Ruston said. I think I am right that it is within the scope of this committee to approve or decrease—I think this point was made by Mr. Reid last night—an estimate or a supplementary budgetary requirement placed before us. It is not within the scope of this committee to increase funds.

Further to that, if I may just say two things. Mr. Davison implied last night that it was the intention, he thought, of this committee or some people on this committee to “get at” the Ombudsman. That, sure as hell, I don't think is the intention of this committee. It certainly should not be. But by the same token, it is not within the scope of this committee to “get at” the Board of Internal Economy, which is where we tended to be heading last night.

So we come back to a point that Mr. Maloney has made, to try to find a reasonable mechanism where he can make his request for funds on an ongoing basis. The Board of Internal Economy appears not to be that mechanism. Last night the suggestion was made, I think by Mr. Davison, certainly by Mr. Maloney, that the select committee on the Ombudsman might be the vehicle to do that. I am just raising a question. It seems to me that if the presence of three ministers on the Board of Internal Economy theoretically poses a potential problem area, what happens when the Legislature, i

it ever happens again, gets into a majority situation and you have on this select committee on the Ombudsman a majority of people from one party?

It seems to me that the political risks that one could articulate, seeing three ministers on the Board of Internal Economy, are equally valid for a select committee on the Ombudsman where the majority of the people are from one political party. I'm not sure that anything long term would really be accomplished by that. It might be appropriate if the select committee on the Ombudsman at least addresses itself to this to try to find a workable mechanism whereby the Ombudsman's office could present its budgetary requirements and then debate it. By the time it gets to a committee like this, it's not within our scope to increase those amounts. That's all I want to say.

Mr. Wildman: Mr. Chairman, at the outset I want to make it clear that I am no great fan of the Board of Internal Economy, for a number of reasons. It's true, Mr. Deans is on the Board of Internal Economy. I wasn't referring to individuals. I was referring to the whole process. Other members have expressed their support of the concept of the Ombudsman and their support of the Ombudsman himself and his staff, and I agree with that.

However, I resent very much the comments that were made last night and the press release that went to the media this morning, especially to have found in the Sault Ste. Marie electronic media report this morning that the scheduled tour for next week is cancelled because the Ombudsman does not feel he has enough funds to continue his hearings, and that the hearings that were scheduled were cancelled.

Then we have the comment made this morning—although I'm gratified that those meetings will go ahead—that most of the individuals who were intending to go in the first place are now going to go and they are going to hold the meetings, but they are going at their own expense. I must say I resent that whole process. It appears to me to be a bit of a power play before the Legislature and before the government in an attempt to force the government's hand and force the Legislature's hand to increase the funds allocated to the Ombudsman. The north is being used in a political ploy and I, quite frankly, resent that whole thing.

I understand about 30 per cent of the cases that were handled last year by the Ombudsman were from northern Ontario. You have large expanses of unorganized ter-

ritory in the north. As a result, in many cases there are very few agencies that people can turn to when they run into difficulties with political organizations, and as a result they contact the Ombudsman. If there are budget cuts that are necessary and program cuts that are necessitated by the lack of funds, it would seem they should not be made in the north, especially if, as you yourself have indicated, you have 30 per cent of your cases coming out of northern Ontario.

I would like to ask some specific questions. First, it's been mentioned here that Cayuga and Pickering, especially, were unexpected expenses which led to deficits which, unless you can recover those expenses in some way, you're going to have to cut. I'd like to know exactly how much money to date has been spent on your investigations and attempts to resolve those two problems? How much money has been spent on those two areas?

Mr. Maloney: Mr. Mills, can you give a specific figure to Mr. Wildman?

Mr. Mills: No, I'm not in a position to give you, at this very moment, a specific figure. I can provide you with one this afternoon.

Mr. Wildman: Can you give an estimate of how much Pickering has cost the Ombudsman's office?

Mr. Mills: I think on a year to date basis, to November 30, we've run through, conservatively, \$350,000.

Mr. Wildman: And Cayuga would be approximately, what?

Mr. Mills: Cayuga, as I understand it, is being investigated by individual investigators in the investigations area.

Mr. Wildman: So that's part of the overall operation?

Mr. Mills: Yes.

[10:45]

Mr. Maloney: Excuse me, Re South Cayuga, where we'll run into expenses there is when we set up hearings requiring people to appear before us under oath. If we bring them from Cayuga to Toronto we'll have to pay their expenses and their conduct money. That sort of expense will be incurred. We'll have to pay the cost of transcribing the material.

I put forward the proposal re Cayuga to the government, since it came before me after our budgetary requirements were fixed, that the government authorizes me to set up a hearing comparable to the one that was going on before Mr. Hoilett in Pickering,

providing for counsel and that sort of thing, but it wouldn't agree to that so I had to do it within the office operation. It means it's a lot slower, a lot less efficient, a lot less convenient for the people involved.

Those are the kind of expenses that will be involved in South Cayuga. How many witnesses we will subpoena, where they'll have to come from, what expenses will be involved, and what conduct money will be involved are a little hard to predict.

I appreciate all your criticisms. I'm not insensitive to criticism. I'm here to take all you want to give me, every one of you, but somewhere along the line I wish you'd come forward with some useful suggestions as to the mechanism you can make available to me to enable my function to carry on with expenses that cannot be foreseen when budgetary requests are fixed. It's not anything new I'm asking you to do. The Attorney General (Mr. McMurtry) needs it every day.

The Attorney General doesn't know how many murders are going to happen in Ontario in the next fiscal year. He doesn't know how many investigators and police officers are going to have to be sent out around the province. He doesn't know how many lawyers he's going to have to send to Ottawa to the Supreme Court of Canada to appear at appeals, but he's got a mechanism to come back and get the money he needs for that. He goes before Management Board, as I understand it. I can't do that.

I just beseech you, some time before this hearing involving the Ombudsman is finished, that you'll come forward with some useful suggestion to me as to how we go about doing this.

Mr. Wildman: I think, Mr. Chairman, the suggestion has been made in the committee here, and I think it's a constructive one, that the select committee on the Ombudsman should be looking at a method for having the Ombudsman return to the Legislature for supplementary estimates. It hasn't been made formally. I'm making that suggestion right now, and I think that's a constructive suggestion. However, I don't feel I can accept the approach that has been taken, and it is criticism. I'd like to have some other information before I go on. Could you tell me what your total transportation budget was for last year?

Mr. Mills: The present fiscal year, or for last year?

Mr. Wildman: For the present fiscal year to date.

Mr. Mills: We asked for a total of

\$256,000 for 1977-78. The board approved a lesser amount. The board approved \$233,000.

Mr. Wildman: All right. Of your estimate, can you indicate to me how much of that was travel outside of the province?

Mr. Mills: No, I can't. I think a rather small percentage.

Mr. Wildman: Okay. Do you have any idea how much of that travel estimate was for travel into areas north of the French River?

Mr. Mills: No. I could find that out, but we don't accumulate our information in that fashion.

Mr. Wildman: So you wouldn't have it broken out in terms of airplane, automobile, train travel?

Mr. Mills: What we could get rather easily are all our billings from Air Canada, which would isolate the air travel.

Mr. Wildman: Yes. I would imagine most of your travel into northern Ontario involves air travel.

Mr. Mills: Yes, you're right.

Mr. Wildman: Then I would anticipate that if you're, for instance, going to Thessalon, which is in my riding, you're going to fly into the Sault or perhaps Sudbury, but more likely the Sault, and you're going to rent a car and you're going to drive to Thessalon. Is that right?

Mr. Mills: As a matter of fact, we had decided internally—our finance committee had advised the Ombudsman and he had accepted the finance committee's recommendation—that we use our own cars to drive to the Sault and then proceed from there to Thessalon and north from Thessalon to Chapleau and then on to Sudbury.

Mr. Wildman: So you would be driving from Toronto then?

Mr. Mills: Yes.

Mr. Wildman: Is this something new or is it just because of your budget cuts? Would you have done that previously?

Mr. Mills: I think the budget is the determining factor.

Mr. Maloney: I think these tours, first of all, are a very important part of our operation, as far as the people are concerned. Secondly, I think it's an imposition on the staff. Invariably they're giving up their evenings. They're working on office business many more hours per day than most people work. They're away from their homes and their families. It seems

to me they should be able to travel in decent comfort like anybody else.

I presume if the OPP had to go on an investigation in a murder case in the Sault, they would fly. I presume that's true of the legal staff of the Attorney General that travels around. I think our people should be able to do that too, but purely because of budgetary problems, the finance committee recommended to me, and I've accepted it, that wherever—until the end of this fiscal year anyway—a trip involves less than 300 miles, they'll drive. That's pretty rough on the group.

Mr. Wildman: It's more than 300 miles to Thessalon.

Mr. Mills: It was because we wanted to visit Sudbury. The way the trip's been arranged, Sudbury is the last stop. Sudbury is easily within a 300-mile radius of Toronto.

Mr. Wildman: Okay. I want to reiterate something that was said by the acting chairman last night, as a member of the committee, when he said that it would be far easier for us to analyse what is being told us by the Ombudsman in regard to his need for funds if we had the facts. I asked for facts and you're going to get them for me, but you're not here prepared with them yet.

I want to know exactly how much money you're spending in different types of travel and what things you feel, because of the cuts, you're going to have to cut out. You can't tell me at this point—and I hope you will be able to provide this to the committee later—how much of your travelling expenses were incurred going into northern Ontario, and what is your criterion for feeling that you have to cut services in the north. I think in the report this morning—and I'm not sure if this was actually a quote from the Ombudsman or someone on his staff or whether it was an interpretation put on it by a newscaster—the statement was made that the Ombudsman's office would serve Metro Toronto and would not serve the rest of the province.

I'd like to know whether that was stated in the release or whether that's just an interpretation. Even if it's just an interpretation, I want to know why and I want to know exactly what analysis you went through to determine that if you're stuck with what you consider to be less than you need, the north is going to be cut, or some other area is going to be cut, as opposed to something else. I'd like that analysis and I think it should be placed before this committee before this committee should be placed in a position of deciding whether or not the Ombudsman is getting enough funds and whether or not certain services are necessary and shouldn't be cut.

I think we need that kind of analysis and I think it's incumbent upon you people to provide it to us.

Mr. Mills: May I table the substance of our estimates presentation of March 1, as well as our supplementary estimates presentation of November 8. I think that will cast some light in areas that you've expressed concern about.

Mr. Wildman: Also, I would like to know whether that statement about the Ombudsman's office serving Toronto and not the rest of the province, and certainly not the north, originated from just the newscast or whether it came from something in the Ombudsman's office.

Mr. Maloney: I was interviewed on the radio this morning. They called me. I made no notes of what I said and I suppose a transcript could be obtained. I don't purport to recall exactly how I put it, but the point I was trying to make then, this morning and last night and now, is that as a result of what the Board of Internal Economy has decreed, the operation of the Ombudsman, as far as I am concerned is effectively and drastically curtailed.

We have to cut out our hearings, period, and the part of the province that's most effectively and drastically affected by it is the north. That's where, in our opinion, the hearings are the most important. For the people in Kitchener it's not that much of a chore for them to come to Toronto, or even the people of Windsor for that matter, but it is for the people of the north. That's why they are in fact the most drastically affected by that part of our cutback. The people around Metro are not going to have any trouble. They have no trouble coming to our office and we have no trouble getting out to them.

Another area where I said drastic results ensue is in our ability to serve the complaints we get from the prisons and jails of the province, including those in northern Ontario—especially those in northern Ontario.

I would love to be able to have said absolutely nothing about the effect of the Board of Internal Economy's decision, but if two months from now you were advised that we had stopped going to the north, we had stopped doing this, we had stopped doing that, you would say, "Why?" and if I had failed to disclose it to you here and now, you would say, "Why in hell didn't you tell us?"

Mr. Wildman: I will accept that.

Mr. Maloney: I don't think I should be criticized for stating to you as a committee, what the consequences of this are, or otherwise I don't plead a very worthwhile case.

Mr. Wildman: All right. If what you are saying to us is that because of the fact you don't have, from your calculations, enough funds, or at least it hasn't been recommended that you receive, from your calculations, enough funds, and as a result of that, you just can't continue the kinds of service that you have been giving, and this will affect the north more than the rest of the province, I can accept that. But the way it came out, the way it appeared was that this was a conscious decision—that your decision would be not to serve that part of the province. I certainly am glad to hear that that wasn't your intention and that wasn't your meaning.

I really think that if you could table those documents you are referring to, if we knew how much you were spending to serve those 30 per cent of your cases that happened to come from northern Ontario in relation to things like transportation costs and I don't know what other things—it might be long distance telephone calls, postage, investigations involving people going up and having to interview other people, that sort of thing—if we know those kinds of expenses, and could see and could prove for ourselves and for the Legislature that this money was well spent, and that in order to serve that very high percentage of your case load, you need that kind of money, it would be more useful if we could have some kind of analysis here before the committee saying, "If we get this amount of money, these are the kinds of services, of all of the types of services that we do now, we are going to have to cut for these reasons," then that would be helpful to us as well.

Mr. Maloney: For the salaries of employees whose status has been approved by order in council as the Act requires, that item of the annual budget for the fiscal year is \$2,800,000 alone, and our rent is in the general area of \$327,000, so that comes to \$3,100,000. It gives you some idea of the cost of just keeping the staff paid who are engaged, as I say, with the approval of the Lieutenant Governor in Council, and of paying our rent. You can see what's needed right off the bat. Then we have got Pickering. Mr. Mills has prepared a statement—

Mr. Chairman: Mr. Maloney, may I at this point say that I have received the submission first of all made to the Board of Internal Economy by the Office of the Ombudsman last March 1, together with details of supplementary estimates dated October 27, 1977. The clerk will now distribute these to the members of the committee. Is this a third document?

Mr. Maloney: Yes, this is the breakdown of the cost for Pickering from April 1 to September 30. That's two months ago. At that stage the figure on the far right, \$278,895, which has been incurred in the last—
[11:00]

Mr. Chairman: Is this third breakdown—it is not headed—the details of the Pickering costs to date in the current year?

Mr. Maloney: That's right. Up to September 30.

Mr. Chairman: To September 30.

Mr. Wildman: If I just may conclude at this point, I may come back in after I have had a chance to look at those documents. I would appreciate receiving them and I hope they will be able to enlighten me a little as to the problems as the Ombudsman and his staff see them.

Mr. Maloney: I don't see why we can't try and give you the breakdown you want geographically.

Mr. Wildman: Yes, that would be useful.

Mr. Maloney: It would take more than today to prepare it. We will certainly undertake to get it for you. I think it will reveal a pretty interesting picture.

I hope I am not out of order to amplify my answer to your question but trips around the province—besides the immense convenience they are to, say, the 71 people in Windsor who were mentioned by Mr. Ruston, and the convenience they are to those home owners and families in that we go to them—have additional advantages. One is that invariably the staff will get into the high schools—one or more of the high schools. If I go, I will do it myself. You get a whole gang of young people, maybe as many as 600 or 700 in their mid-teens and you have an opportunity to tell them what this whole Ombudsman thing is all about, that you people created. It makes a great impression.

I have always felt it was our duty to let as many people know as fast as possible what you people created—that you created this office, what it can do, and what it can't do. In addition to the schools, we will go to the universities or community colleges. If the local service clubs want a speaker we will provide a speaker. In that way the news media pick it up.

As a result, the Office of the Ombudsman in this province is much better known to far more people in the province than it is, I think, in the other provinces of the country. I think that was part of our duty, to make sure that as many people as possible knew

what we were and what we were able to do. It has a final advantage. The members of the staff who go on these tours become more expert members of the staff by reason of the know-how they get of the province, the feel of the province, the familiarity with the problems peculiar to a particular area. So it's got a great many wonderful advantages that make it, in my opinion, a very necessary expense.

Mr. Reid: I would like to set something straight here, because I think the Ombudsman has unfortunately and not deliberately misled the committee in saying we need a mechanism for approval of his estimates. We have a mechanism. It's an imperfect mechanism and none of us is happy with it, but, Mr. Maloney, what I gather you are saying is you want a mechanism where you can walk in, not be questioned, and have your budget approved without any questions being asked, whether it be the Board of Internal Economy or this committee.

In fact, there is a mechanism set up, it was set up by the Legislature, that your estimates would go before the Board of Internal Economy and then be approved, as passed on by the Board of Internal Economy, by this particular committee. So there is a mechanism there, albeit an imperfect one and one that has some shortcomings, but to say that there isn't a mechanism to have your estimates approved I think is somewhat misleading.

I am going to deal with the problem of the north that my colleague from the north has dealt with. I feel exactly the same way he does, but I have a number of questions relating to the money. I wonder if Mr. Mills can provide us with the actual budgets since the inception of the Ombudsman's office from year one, the budget for each year and the supplementary estimates that were asked for in each year up to the present time?

Mr. Mills: Certainly. First of all, I should explain that in the first year of operation, which wasn't a full 12 calendar months, the legislation, the Ombudsman Act, provides that the funds be taken directly from the consolidated revenue fund. So there were no estimates. The actual expenditures, however, in the period ended March 31, 1976, were \$1,297,044.

Mr. Reid: Was that for a full fiscal year?

Mr. Mills: No.

Mr. Reid: How many months was that?

Mr. Mills: I would guess it was about nine months, more or less.

Mr. Reid: Thank you.

Mr. Mills: In the fiscal year 1976-77 the Ombudsman asked for \$3.221 million on March 1, 1976. At a subsequent meeting of the Board of Internal Economy he was given \$2.3 million. In November 1976 we presented supplementary estimates in the amount of \$509,000. We were awarded the entire \$509,000, which meant that for the fiscal year 1976-77 the total that we were approved to spend was \$2.809 million.

Mr. Reid: Can I interrupt you just for a second? Was that \$509,000 already money that had been committed or spent by the office?

Mr. Mills: No, I wouldn't say so, no. In fact, in September 1976, when I began to analyse the actual spending to date, it really looked in many categories as if our spending was only running to 33 per cent of what had been appropriated. This accounts for the fact that I asked only for \$509,000, rather than the difference.

Mr. Reid: All right.

Mr. Mills: On March 1, 1977, we asked for \$3.909 million. The board awarded us \$3.560 million. The supplementary estimate presented November 8 asked for \$1,100,300, and as of yesterday we were given some \$633,500.

Mr. Reid: I have some other questions related to that, but if I followed you correctly you asked originally for this fiscal year \$3.9 million you got \$3.569 million; you came back with supplementary estimates of \$1.1 million, which is some \$200,000 less than your original proposal, your original estimate. What happened to the \$200,000 that you thought you needed in March?

Mr. Mills: No. I beg to differ. We originally asked for \$3.909 million, we got \$3.560 million.

Mr. Reid: I'm sorry, yes, so you are actually—

Mr. Mills: The shortfall was \$349,000.

Mr. Reid: How has the staff grown from day one?

Mr. Mills: I'm at a bit of a disadvantage because I haven't been there from day one. I have only been there since about May 1976.

Mr. Maloney: On day one there was one; Arthur Maloney was his name. And his secretary, two.

Mr. Reid: For a 126-million per cent increase.

Mr. Mills: The figures I have in front of me, though, are that there were 103 people on staff, for example, at October 31, 1976,

and on March 1, 1977, we applied to the board for approval of a complement of 122. So that's a growth as you can see of some 19.

Mr. Reid: Plus contract employees who number what?

Mr. Mills: We are counting the contract employees who are full-time, if they are complement. The people we don't count as complement are in specialized situations such as articling law students, people who work less than a 36-to-37-hour week.

Mr. Reid: If my calculations are correct, and they will be rather sweeping, it appears that since the Office of the Ombudsman has been in effect, the supplementary estimates at least requested vary from 25 per cent, to this year around almost 33 per cent, which seems to be either, (a) to my mind bad budgeting on somebody's part, or (b) that's quite an increase, those kinds of percentages.

Just as a matter of interest, may I ask, Mr. Chairman, if the Ombudsman mentioned last night that the employees and salaries had to be approved by order in council? Were the original employees who were hired, all approved by order in council at the time they were hired, or was there negotiation between the Ombudsman and the Lieutenant Governor in Council before people were hired, as to what their salary range would be?

Mr. Maloney: No, we never had any discussions. The Act, as you recall, provides as follows in section 8: "Subject to the approval of the Lieutenant Governor in Council, the Ombudsman may employ such officers and other employees as the Ombudsman considers necessary for the efficient operation of his office, and may determine their salary and remuneration and terms and conditions of employment."

Under the authority of that section, I went about the task and the process of recruiting the staff that I thought was required. From time to time—I have forgotten on how many occasions between now and May 1975 I got orders in council; not that many—I would simply engage them. The government, I presume, assumed I would be responsible for the type of person I would engage and the type of expertise I would acquire, then when I sent my list to the Lieutenant Governor in Council it was returned duly approved by order in council. We really never sat down and said, "I am going to hire this person," or they did not say to me, "Don't hire that person" or anything of that sort.

Mr. Reid: Or, "Don't pay them that kind of money."

Mr. Maloney: No, but then as the Hickling-Johnston report showed, they were paid basically normal salaries, with the exception of a few secretarial positions which have been red-circled.

Mr. Reid: I don't have much confidence in Hickling-Johnston but that is another matter.

Mr. Maloney: You are pretty well alone in that, because an awful lot of other people do, and they are very highly regarded, we ascertained, by all the caucuses of this building. That is my opinion.

You indicated, Mr. Reid, that I misled—or you were good enough to say "inadvertently," I think—the committee, when I said there was no mechanism. I did not say there was no mechanism for the Ombudsman to have his estimates approved. I said there was no mechanism to enable the Ombudsman to deal with situations that are not envisaged or anticipated when his budgetary requirements are determined. That is what the rest of the committee understood me to say.

Mr. Reid: Well, perhaps. But it is my understanding that you are free at any time to go back to the Board of Internal Economy and ask for supplementary estimates.

Mr. Maloney: That is not the case, as I advised.

Mr. Reid: I thought we had before us supplementary estimates of \$633,500. How did that come about?

Mr. Maloney: You only go before the Board of Internal Economy for your original estimates, in March, and then for your supplementary estimates this time of year. In other words, it is not a tribunal you can go before whenever you can. If you are right, I have been quite wrong and I should have been doing that, but my understanding is that that is not the case.

Mr. Mills: Mr. Chairman, late last February it came to our attention that we were running out of cash. We wrote the Board of Internal Economy asking for additional funds. We were told that we would have to manage as best we could. So there is no avenue that I am aware of.

Mr. Maloney: You see, I don't think even other ministries can, Mr. Reid. They get their excess moneys from Management Board. We have no status to go before Management Board.

Mr. Reid: Is it a matter of the fact that the Board of Internal Economy does not want to deal with them or refuses to deal with them or has simply said, "No, you cannot have the money"?

Mr. Maloney: No, it was not that, for sure.

I assumed they were not being petulant in refusing to hear us. It is just that it is not the practice or the procedure of the board to do so. Where supplementary estimates are needed by any agency or ministry, you do it through Management Board, but unfortunately that mechanism is not available to the Ombudsman.

Mr. Reid: Well, we have come full circle. We still have these supplementary estimates before us, that you went before the Board of Internal Economy for. You are saying that is a one-shot proposition during the year and you cannot do it again, that you cannot approach Management Board for special warrants or Management Board orders if you require further expenditures?

Mr. Maloney: No. That is the mechanism I was explaining to this committee that we lacked, and that is the mechanism that I am asking you and your colleagues to do something about providing for.

Mr. Reid: That clarifies it in my mind.

We were talking the other night about the cars you have. I understand they are bought for you by MTC. They do the purchasing but it comes out of your budget?

Mr. Maloney: Yes, but not originally.

Mr. Mills: Originally they were not purchased. All of them have not been purchased. We have subsequently been instructed to purchase them all from the Ministry of Transportation and Communications, and, as I said the other night, the most recent acquisitions have been from MTC.

Mr. Reid: What does that come to? Is that in this budget for services?

Mr. Mills: No. The purchase of an automobile would be in the supplies and equipment category.

Mr. Reid: How much does that come to?

Mr. Mills: There was only one in there and it was a \$4,000 vehicle.

Mr. Reid: Four thousand dollars. So presumably in the year past you used all that was in the budget at that time for the purchase of vehicles?

Mr. Mills: Yes.

Mr. Reid: Can we go back to that? How much was that for 15 vehicles?

Mr. Mills: They were not all purchased in the immediately preceding fiscal year. In other words, some of them were purchased in the first nine months of operation.

[11:15]

Mr. Reid: Let's say in the first 21 months, then, nine and 12.

Mr. Mills: I don't have that information with me.

Mr. Reid: Do you know what the average cost would be? Would it be \$4,000 or would it be more in the neighbourhood of \$8,000?

Mr. Mills: I would strike a balance and say an average of \$5,500, because they come to us, as you know, without federal sales tax. We get a fleet price on them.

Mr. Reid: But you're talking about \$100,000 that isn't required in this year's budget, then, for the purchase of automobiles.

Mr. Mills: I'm sorry, you've lost me; \$100,000?

Mr. Reid: If you take 16 or 15, say, at \$5,500 or \$6,000, you're talking roughly \$100,000, \$90,000 that has been spent in years past and is not required in this year's budget.

Mr. Mills: Yes.

Mr. Reid: Yes, all right. I'd just like to go back to something that is really sticking in my mind and that is the Quebec situation where they have approximately a third of the employees and a budget of \$1 million. How long have they been operating there in the province of Quebec?

Mr. Maloney: I think the Quebec Ombudsman was created in 1967—Glenn says 1969; I think it's 1967 myself.

Mr. Reid: Well, we'll split it and say 1968.

I only make this comment, Mr. Ombudsman, because I appreciate that you're not going to be critical of the operation of one of your colleagues, but it really confounds me that they could operate that way in the province of Quebec, which has a similar population and similar geography to the province of Ontario. I think, quite frankly, that you should be comparing yourself with, not Alberta and not Newfoundland, as you did on the radio this morning, but with the province of Quebec.

I presume, because of your response the other day, you're not going to tell me that the Quebec Ombudsman does not do the same type of job as you do here. It really raises the question of why we require all this money in the province of Ontario. The Pickering situation aside, the Cayuga situation aside, why do you require the staff and the budget that you do in the province of Ontario?

I think we have to be frank about this. There is obviously a feeling among members of the Legislature that the office of the Ombudsman has become a little too gold-

plated and that maybe, particularly in this time of constraint and restraint, a little brass is needed instead of gold. You may say, Mr. Ombudsman, that I could easily provide the brass and I would accept that.

Mr. Maloney: I'm never rude, Mr. Reid.

Mr. Reid: I won't reply to that either. I won't reply to that, Mr. Maloney.

In some three years, your budget has grown—better than tripled. If you had your way, it would almost have quadrupled. Really, I think the members of the Legislature wonder if we are getting value for our money and if all of this is required, especially in view of the fact that every other government department has been forced to cut back, as my colleague Mr. Ruston has mentioned.

I'd like to ask you a question, trying to help you here to find the money that you say you need. How many calls or people, or how much business, for instance, do you have coming to the office in the Legislature, Mr. Page's office? Do you have any idea? Can you tell us what the numbers are for the use of this office at the Legislature?

Mr. Maloney: Give us a bit of time to look it up. We'll let you know. That office has been a good convenience for members of the Legislature who wish to utilize the services of the Ombudsman. Where, on occasion, they have wanted me to interview a constituent, it's been more convenient for them to sit in on the interview if it's here. Of course the great significance of that office is the extent to which it symbolizes the role of this functionary that you've created as an officer of the Legislature.

One of the very basic features of this office that I would urge you to maintain, is an Ombudsman's presence in the very heart of the government situation. We don't encourage complainants to use that office as the place to address their complaints, because our equipment, our facilities, our photocopying equipment and that sort of thing, are at the headquarters at 65 Queen Street. But it's been a very important, very useful, very necessary part of our operation as far as I'm concerned.

We'll have to look up the figures for you. I'm sure there's a record of them somewhere. But we can't get them to you right away. We'll try to get them over the lunch hour.

Mr. Reid: Could Mr. Mills explain the services of \$600,000, break that down for us a little finer?

Mr. Mills: Yes, I believe so. The services

can be broken down as follows—this is just one way of doing it:

First of all, there is communication services, which includes things such as advertising in the news media. Rental services covers, for example, photocopy and duplicating equipment, office machine rental, vehicle rental and furniture rental. Included in this category is rental of the premises that we occupy, and the tax and maintenance escalation that goes along with that. Then, as mentioned last night, there are services for data processing, temporary help, reception, conference and hospitality.

Mr. Reid: Can I stop you? Temporary help—how much is budgeted for that?

Mr. Mills: We budgeted \$60,000 at the beginning of this year and by September 30 we had spent the entire amount.

Mr. Reid: What would that do? Is that for secretarial help? Is that for additional—

Mr. Mills: Primarily, it's secretarial. Management consulting is an example of professional services. The salary study that we commissioned Hickling-Johnston to do—

Mr. Reid: That was \$10,000 or so?

Mr. Mills: I believe the total bill was closer to \$28,000.

Mr. Reid: Twenty-eight thousand? Did you have approval in writing from the Board of Internal Economy to conduct that study, and the money voted or told that the money would be—

Mr. Mills: No, when we undertook that study, the board had not decreed that our office had to abide by the manual of administration. Therefore we did not obtain that approval in advance in writing, as is required by the manual.

Mr. Maloney: Correct me if I'm wrong, Mr. Mills. When the board voiced some criticism of our salary structure, I undertook that such a study would be conducted. It was never formalized in writing, but I'm sure the members of the board who were present at that meeting were alerted to the fact that some sort of study re our salaries was going to be undertaken, because they were concerned about the AIB problem.

Mr. Reid: Did you presume to take that \$28,000 out of your budget or to come back and ask for that money to be repaid, as you put it, by the Board of Internal Economy?

Mr. Mills: We took it out of our budget. We attempted to provide for it by way of a supplementary in November 1976.

Mr. Reid: Since you weren't following the

manual of administration, I presume then that you didn't even tender the contract.

Mr. Mills: No.

Other examples of services are medical services. We use the services of those general practitioners and psychiatrists in the resolution of complaints from, for example, inmates in psychiatric hospitals.

Mr. Maloney: Or workmen's compensation.

Mr. Mills: Right. There are legal services, French translation service—

Mr. Reid: What does legal services cover?

Mr. Mills: In our dealings with the Ministry of Housing, they have seen fit not to reimburse us for certain legal expenses that we have incurred. Therefore, it falls on our shoulders to pick it up.

Mr. Reid: How much is that item?

Mr. Mills: I'm estimating that by the end of this year it will come to about \$10,000.

Mr. Maloney: Mr. Hainey reminds me on that aspect of legal services—you'll remember that we engaged the services of two and then it later was increased to three counsel for the landowners who were appearing before Mr. Donnelly. As a result of the disenchantment of the landowners with the tribunal before which they were appearing—I presume you'd say with the advice of their counsel—they withdrew from that hearing. But Mr. Scott and his colleagues continued to advise the landowners.

I undertook, as I understand it, to provide the landowners with counsel to give them advice that he thought was proper advice, not the advice that I wanted him to give them or that the Minister of Housing wanted him to give them. My view was that my obligation to pay them continued. The Ministry of Housing has refused to reimburse me for that, taking the position that since they walked out, we're no longer obligated to them. I think we are. So that's an additional tab we have to pick up.

Mr. Mills: A further example of professional services is French translation. We paid out about \$21,000 for the translation of the first report to the Legislature.

Mr. Reid: Did you say \$21,000?

Mr. Mills: To have it translated into French.

Mr. Maloney: I thought that was a very important action to take in relation to the first report. I think it was an important action to take in any of our reports, but I've decided against it because of our budgetary problems this year. Instead we're going to

provide—we now have—we've just received a translation of a good resume of our report. That cost what—about \$1,800?

Mr. Mills: North Pickering court reporting is another example of services that we're having to pay for. It's a very substantial item.

Mr. Maloney: How much is that?

Mr. Mills: In the period ending March 31, 1978, our estimate is that it will be \$240,000. The bills average \$17,000 a month.

Mr. Maloney: That's what I meant, Mr. Reid, when I said a while ago—I think you were present—if you could persuade the Ministry of Housing to reimburse me for the moneys we've had to spend by virtue of those hearings and to continue to reimburse us to the end of the present fiscal year, and if you leave the estimates as determined by the Board of Internal Economy, I'm told by Mr. Mills we will not have a problem.

Mr. Mills: I think perhaps the most significant item is the rental of space which is, as I mentioned, about \$327,000. On March 1, we asked the board for \$747,000 for services. They cut that amount back to \$600,000. Over 50 per cent of that amount is just to rent the space, both at Queen Street and at the site of the hearings on Consumers Road.

Mr. Reid: I just have one more item, Mr. Chairman. I wish to associate myself with the comments of Mr. Wildman in the way the matter of cutting back services in northern Ontario has hit the headlines in the Globe and Mail this morning. Mr. Maloney was on CBC radio this morning giving honourable mention to Mr. Davidson among other things but leaving the impression, perhaps again inadvertently, that the place that would suffer most would be northern Ontario where he admits the problems are more severe or where that service is needed more than anywhere else.

I find it a contradiction in terms, even having heard the explanation as put by Mr. Maloney, that that service may be curtailed and that the people in his office are being put to great personal sacrifice to travel up there and to complete the hearings. We're only now in November. Your fiscal year goes to March, I understand. Am I to presume by those comments that you've used up all of your budget to this date—that all the money, the \$3,560,000, has been spent?

[11:30]

Mr. Mills: No. First of all, if I may—one of the facts of life about a labour intensive organization—and that's typical of any or-

ganization in the public service—is that upwards of 70 per cent of estimates goes for salaries, wages and the benefits that are automatically attracted. These are obligations that we can't suspend. There is just no way we can say to people who are permanent employees of the office that they'll have to do without a pay cheque. We're locked into those expenditures.

So when we're told at the end of the month of November that the amount we've requested for supplementary estimates is going to be cut so drastically, we are of necessity forced to look for those expenditures that are avoidable expenditures. I'm sure you'll appreciate that the travel is an expenditure that can be avoided. By the same token, we can't refuse the people from whom we lease space at 65 Queen Street West. We can't apprise them that we won't be making any payments. They want their money on the first of every month.

So I'm trying to stress the point that the options open to us are very few and far between. On your point specifically: on December 1 we requisitioned \$300,000 from Treasury. We foresee that amount will do us through the month of December. That leaves us with \$550,000 of the \$3,560,000 that was approved by the Legislature.

Mr. Reid: Could you give me that one more time—just the last part?

Mr. Mills: You asked, I think, whether we had spent all of the \$3,560,000. My answer is that on December 1 we requisitioned \$300,000. We anticipate that will last us until December 31. That means that—disregarding for the moment the supplementary estimates—we have \$550,000 left of the \$3,560,000 to see us through January, February, March and the first pay in April, namely, on April 14, which we are expected to pay out of this year's estimates.

Mr. Reid: Presumably, you're going to get your supplementary estimates of \$633,500.

Mr. Mills: Which would mean that the cash available to us between January 1 and March 31 is \$1,183,000. But once again I'd like to stress the nature of our unavoidable fixed commitments.

Mr. Reid: As Mr. Wildman has said, it's rather offensive the way this whole thing has developed—that the north should be singled out to suffer from a lack of services and then some of your people would make the sacrifice, supposedly, to provide that service. I just want to reiterate, Mr. Chairman, that I, for one, feel that the Ombudsman must come down to earth a little bit in his

requests. He must look at his staff requirements. He must look at what he's doing.

I feel your whole organization has grown beyond the dream or suggestions and aspirations of the Legislature when we passed the Act—and you may recall I was in favour of it. But I really feel as one individual member—I speak only for myself—that you've grown like Topsy, that you have become gilded, gold-plated, and that the time has come to take a very long look at just what you require.

We're in an anomalous situation here in that I feel the Ombudsman should be as independent from the Legislature as possible. On the other hand, the Legislature has the responsibility to see that the money spent on behalf of the people of the province is well spent and is needed and required. I can only go back to reiterate that Quebec, which has been in operation for 10 years or eight years with a staff one-third of yours and a budget of \$1 million after 10 years, perhaps is not providing the greatest service that everybody would like to see, but I have to ask, if they are able to proceed on that basis, why your staff has grown as it has and why your expenses have grown as they have, with the exception of the one or two items that we have discussed at some length. I am just not convinced in my own mind that, in fact, all of this is necessary.

I would agree with you—to end on a positive note—that some mechanism must be found for you to get the additional money if required in view of peculiar circumstances, if a Pickering or Cayuga or something like that comes along. I am not convinced that when we are, in fact, passing \$3.56 million, an additional \$633,500 is not enough for you to carry out the functions as envisioned by the Legislature.

Mr. Maloney: Mr. Chairman, in answer to Mr. Reid's question, much of what he's just said, particularly in relation to my counterpart in Quebec, is subject matter we dealt with, both of us, yesterday. In my view the situation in Quebec is not comparable to Ontario's. I was mandated to set up an Ombudsman operation for the province of Ontario; that mandate implied that it would be set up in accordance with my concept of what that office should be. I would be responsible for bringing into being a new function that heretofore was unknown in the province.

I studied the operation in all the provinces of Canada, including Quebec. I studied it around the world. I visited some of the jurisdictions around the world, and I came up

with what I thought was the best operation and the one that fulfilled the commitment I made to the Legislature and the people of this province, to give this province an Ombudsman operation that is second to none in the world. That's what you're sitting on right now in Ontario, Mr. Reid. You can accept my assurance of that.

I think anyone who has seen our office, who has witnessed it, who has toured it, who has become familiar with it, finds that it's a pretty high-class operation that you can be pretty proud of and you can boast of if you want to. Nothing less was expected of me than to provide the province with what I did, and I'm proud of it. I'm sorry you're not. I'm sorry that any time you speak of it, you speak derogatorily and critically of the operation. It's a pity to me that that's so. I feel inept that I haven't succeeded in persuading you of the fact that I've created a good operation for this province.

I can't say any more to you than that. If the time ever comes when you want to visit the office and inspect it and tour it, all you've got to do is call Arthur Maloney and he'll welcome you down there. I think it may change your views, or at least it will give them a greater degree of substance, because you're not familiar with the operation. You haven't seen it. You haven't met the incredible staff that serves the province of Ontario. You talk derogatorily of the staff that has agreed to pay its own expenses to northern Ontario so we won't have to cancel the trip that's scheduled for next week. Those staff people volunteered to do that on their own. They deserve your commendation.

Mr. McCaffrey: They are behaving like MPPs.

Mr. Reid: Mr. Chairman, I can't let that go. Mr. Maloney has proved once again that he's quite capable of defending himself. It's an old political trick to stick up a straw man and then beat it to death. I'm offended by your remarks, Mr. Maloney.

Mr. Maloney: No more offended than I am by yours.

Mr. Reid: I did not speak derogatorily of your staff and its offer to go at its own expense. I am offended that it should have to do this and the way it was done. I have, in fact, on occasion spoken highly of your office. But I'll tell you I am not quite convinced of all your staff's being capable. You and I have had a little run-in in the past on that. I'm not convinced that they all are the greatest people on earth.

I am here and I, as a member of the Legislature, have a responsibility to ask you

what you are doing with the money that comes out of the taxpayers' pockets. If you find that offensive, if you find that to be derogatory, I'm sorry.

You have been through the political process. You are no longer a partisan politician. No one has ever suggested that, but believe me, Mr. Maloney, you are a highly political person. I don't say that in a derogatory sense. But to suggest that, first of all, I don't know what I'm talking about, is offensive to me as a member of the Legislature. It's quite true, on occasion, that probably all of us aren't as informed, but that's why I'm here asking questions that you obviously find offensive.

Mr. Maloney: That's not so. You know it's not so and you shouldn't be making that kind of statement. I don't find your inquiries about our operation offensive at all. They are a legitimate—

Mr. Reid: You called them derogatory. I presume that means they're offensive.

Mr. Maloney: Many of your remarks, you will have to acknowledge, were insulting and derogating. I had every right to make the comment I did in relation to that part of your remarks. I'd be remiss in my duty if I sat here and said nothing.

Mr. Reid: If you find my remarks that way, obviously, you find them offensive, Mr. Maloney. It's unfortunate that you seem to have done a great public relations job with everybody but the members of the Legislature, with whom you say on many occasions you wish to work closely. I would suggest, Mr. Maloney, that you look to yourself and your operation with a view to maybe working a little more closely with the members of the House rather than having this constant confrontation that seems to blow up whenever you appear either before the Board of Internal Economy or a committee of the Legislature.

None of us is perfect and none of us is lily-white in this business, but I think we all have a responsibility, as you do, to justify what you're doing as well as I, as a member, have the responsibility to justify what I do. I do not accept your comments about the derogatory remarks that I made, so-called by you. My job here is to see that the Ombudsman is doing a good job at a reasonable cost to the province of Ontario and that is what I am going to do, no matter whether you take offence at my remarks or not.

Mr. Walker: Mr. Chairman, perhaps my remarks might be somewhat critical as well. I think we all have a certain amount of respect for the Office of the Ombudsman and, I

suppose, it varies from person to person. But I do think that today and yesterday you've seen a recognition of resentment of all three parties, or at least, people from all three parties with respect to the tactics that have been taken. I associate myself with the remarks of Mr. Ruston and with Mr. Wildman relative to the Northern Affairs speech. I think, frankly, the tactics have gone too far and it's a bit of an end run that has not been acceptable to the people within this committee who represent three separate parties.

What you're really saying is known in the bureaucracy as "the Washington Monument speech." This involves, in this case perhaps, the Northern Affairs speech. The Washington Monument one goes back to 1954 when the Secretary of the Interior was directed to reduce his budget significantly in the States, and the Congress made this very determined effort to reduce costs. What happened was the Secretary of the Interior closed the Washington Monument every other day and, therefore, caused the Congress to rise up in such indignation that it restored his entire budget. So it's been traditional, and I say that affectionately—

Mr. Maloney: Let's go to Washington, then.

Mr. Walker: —I think it's become a bit of a Washington Monument speech.

We now have some of the material with which you made a presentation to the Board of Internal Economy, but that still is not very expansive on really what is before us. I do realize you've got \$1.4 million left as of the end of September in the current estimates budget, plus \$633,000 as approved by the Board of Internal Economy as of yesterday. That gives you something close to \$2 million from which to take out the resources you may need to visit the north.

If you are saying you are not prepared to visit the north or are prepared to cancel some of the appointments to the north, what you're saying is that other matters are of such great importance that you're not prepared to allocate the resources for it. Surely, from some \$2 million there are funds sufficient to attach some importance to the visit to the north, or perhaps you consider it not that important in the overall case.

[11:45]

You came in yesterday and said you don't want to be here as a country cousin with a \$4 million budget. I think a \$4-million budget probably makes you the flushiest Ombudsman in the world. You're not a country cousin; I think you've become a country squire, at that rate. I think the estimates presented are quite adequate at \$4 million.

That should be sufficient to carry the Office of the Ombudsman in the province of Ontario. That's nearly 50 cents per capita. I suspect that's greater than any other place in the world. How on earth can any of us be derogating from our duty when we say that \$4 million is adequate enough for you to run this particular office?

You've already indicated that you're not prepared to have anything to do with the \$25,000 management study. That's part of the \$633,000. Perhaps that \$25,000 might be allocated in such a way that you can afford to pay the people for their expenses who are travelling up north now at their own cost. Perhaps that's a way to get around that particular problem and perhaps you can find other resources within those \$2 million, or even the \$633,000, to go to the north where it's warranted. I just don't accept that approach. I think you're making an end run here that is most inappropriate under the circumstances. I think the fact that we now have people from each of the three parties saying, "Listen, this has gone a bit too far," has to mean something.

Mr. Maloney: All right. In answer to your statement, Mr. Walker, I would surely be derelict in my duty if I did not disclose to this committee what the consequences are to my operation by the action of the Board of Internal Economy.

Mr. Walker: But that's just—

Mr. Maloney: Let me finish. I submit that I'm entitled to be heard.

Mr. Walker: You are.

Mr. Maloney: When I've been the victim of an attack that I think was very unfair, surely I have a right to reply to it.

Mr. Walker: You certainly have.

Mr. Maloney: And I intend to reply to it.

I have a duty to alert you to what the consequences are and, if I didn't and if those consequences ensued, you'd be very critical of me; you would be critical if I hadn't divulged that and disclosed it to you. I'm damned if I do and I'm damned if I don't by your philosophy.

I suppose I can continue to repeat what we've already said in answer to the other members. Maybe you weren't present, for example, when Mr. Mills referred to the state of affairs between now and the end of the present fiscal year, and the non-avoidable costs. We're under contract to pay salaries; we're under contract to pay rent; and we can't avoid those. So we've got to set aside the money that is needed to meet those com-

mitments right up until, as Mr. Mills said, April 14, 1978. That speaks for itself.

It was catchy to call me the country squire. A lot of people like to call me names. I'm as tough as any of you and I don't mind taking your brickbats. Once in a while I'd like to get a bouquet from one of you—I'm human—but I'll take all your brickbats and your funny names.

For a member of the Legislature to say that in a province whose total budget annually is \$14 billion, whose bureaucracy to serve it costs \$72 million more or less; when you talk of a province of 8.5 million people; and when you consider that you created an office that was set up to serve the people in a very special way, it seems to me that for you to begrudge a sum of \$4 million or a little over to enable that job to be done in that huge bureaucracy with that huge annual budget, is to begrudge the people something that I think they're entitled to. And as far as I'm concerned, any feedback I get from them tells me they feel entitled to it.

You said I would have nothing to do with the \$25,000 for the management study. Surely you, as a member of this House, would not ask the Ombudsman of this province to participate in a study of his office with staff people who belong to a board that is manned by three cabinet ministers and allow them to have access and to become privy to the files of our office. I have a duty to reject that suggestion and I unhesitatingly reject it.

Mr. Walker: I don't think I disagree with that comment. You made the point that the \$25,000 was unacceptable to you and I'm suggesting there is a resource that you might use if you want to cover the cost for these people to go north rather than have them take it out of their own pockets. The point I think you're missing is that we're not begrudging you the \$4.2 million which I think is the gross figure you've applied here. You have estimates now of \$3,500,000 approved and the \$633,000 that came forward; that takes us up over \$4 million. That's not being begrudged. I think the complaint that's being made is that you wish to have something like \$4.6 million or more but were cut down from \$4.6 million to \$4.1 or \$4.2 million. And there are those of us who object to the end-run of going around to the newspapers in the middle of the debate, throwing forward this refusal to go to the north speech, hoping that everybody is going to come down from the north and scream so loudly that the Legislature will restore all

the moneys that you're particularly asking for. I think it's inappropriate to go that route.

Mr. Maloney: You are attributing motives to me that are totally wrong. If you want to attribute them to me, there is nothing I can do about it. I didn't call the press. I didn't call the radio. They're immensely interested in this operation. They called me. As far as I'm concerned they had every right to call me. They have every right to frank disclosures from me, and I repeat that the result of the actions of the Board of Internal Economy is to effectively curtail a very important part of my operation, namely, the hearings. And the part of the province that will be most seriously affected by that is the north. I repeat it. Then, to an almost equal degree, the prisons and jails of the province are affected by it. I repeat that.

Mr. Walker: But those are just about the most inflammatory things you can say. You made those statements last night. Naturally, people are going to get upset once they hear those statements. You made the statement that you were going to cut off the efforts to the north and then there would be prisons and jails and other efforts cut off. These are very important things and you know that. What we're saying here is that in \$4.2 million, there have to be some funds there available for you to do some of those services. There is plenty of money available, in my opinion. I think it's only responsible for us to accept the Board of Internal Economy's remarks of \$633,500 as being acceptable increases in the \$3.5 million you budgeted for in March this year.

Mr. Maloney: At your convenience, you sit down with Mr. Mills and tell him how to do it. You sit down with him and tell him how to do it, Mr. Walker. Don't make expansive statements that it can be done. You sit down with Mr. Mills at your convenience and tell him how to do it.

Mr. Walker: I'd be glad to accept your invitation. If you give us the rest of the budget we'll be able to look at that. I have only a scattered assessment here.

Mr. Maloney: All this material is on file with the Board of Internal Economy. I should, perhaps, have pre-subpoenaed it before this committee. I thought maybe those things were done for you by your staff. We can arrange to get additional copies of the material that is with the Board of Internal Economy. It has all been examined by the board. I think it has all been examined by the select committee on the Ombudsman. Nothing is being hidden from you. It is available to you if you go and ask to see it.

Mr. Mills: I would be very pleased to meet with any or all members of this committee in advance of any discussion of estimates to explain them as best I can. I would be very pleased to do that either now or in the future.

Mr. Walker: Thank you, I would be glad to accept the offer.

Mrs. Campbell: Having listened to part of this, not all of it, I guess I am just a naive city gal trying to go through the elements of this budget. I suppose I am the kind of person who likes to take an overview of a situation.

First of all, I don't know of any budget that goes through the sort of review that this one does. I think we made a serious mistake in our beginning stages and I have been most unhappy with the fact that this budget is reviewed by the Board of Internal Economy. I recognize the constitutional problems, but I think we can work out a procedure whereby the budget is reviewed in equal part by all the parties in the House, and not by a group dominated by the government such as is the Board of Internal Economy.

I stated that when we were working on the subject in the Morrow committee. We sent our opinion over to the Ombudsman's committee because we thought that was appropriate. But here we have, for one operation, the Board of Internal Economy, this committee and the Ombudsman's committee. It seems to me that we in the Legislature owe it to ourselves, to the people of Ontario and to the Ombudsman to straighten out the situation so that we get some kind of logic and some kind of appropriate approach to the situation.

Having said that, I too have been critical, in part, of the operation of the Ombudsman. I have felt on occasion that the Ombudsman's office was giving the appearance of being partisan and I was offended at the way in which that matter was dealt with a year ago. I said that. I've spoken to the Ombudsman about it. I'm not one of those people who has been critical without discussion with the Ombudsman on the matters that bothered me.

But you know, the budget that I'm most familiar with is the budget of the city of Toronto. I think the Ombudsman is absolutely correct in one area. For the most part, in a municipal budget you have pretty fixed costs, or costs which you can prognosticate. But I remember going through the ordeal of trying to figure out for the cost for the city solicitor, trying to see what kind of a contingency allowance there ought to be for that operation. Although I believe we have

the greatest city solicitor anywhere, here in the city of Toronto, he couldn't tell how many lawsuits there would be against the city in any given year.

To bring it down to a different kind of concept, neither can anyone figure out with any degree of other than a guesstimate, how much will be needed for snow removal or salt, or whatever, in a given year, to manage the winter conditions of our city. That is true of ministries in this place. But ministries, when they run up against the velvet, have an approach they can take to Management Board. They can get approval either by warrants or by Management Board orders when they are faced with those sorts of contingencies.

As I understand it, that is not the case with the Ombudsman. Personally, when I voted in favour of the Ombudsman, it was not an emotional decision. I'm beginning to think that for a great many members in this House, it was a somewhat political, emotional almost PR approach. That was not my approach. I felt deeply that with the kind of bureaucracy we have developed in this province, the people I represented as a mini-ombudsman deserved someone who could take them through all the morass, even find out what ministry they were supposed to address themselves to.

I don't want to see this office explode in costs. I tell you, as a Scot, I pretty well watch the dollars and the pennies of this government and I'm not averse to doing it with the Ombudsman. But I haven't heard one single member here talk about the costs of the royal commission.

We've talked about the costs of the Hoilett inquiry, but what about that commission? What has it cost? And what to date is its accomplishment for the people? The Donnelly commission—what accomplishment has it had for the people? How many cases has it heard in well over—could somebody give me the date? Was it November last year?

Mr. Maloney: The Donnelly commission started its hearings on January 4, 1977.

Mrs. Campbell: When was it appointed?

Mr. Maloney: It was appointed in October, I believe.

Mrs. Campbell: It started then—and you read the saga. It is an interesting development; somebody ought to write a book about it. But there it is. Nobody questions that—how much it cost and what it has accomplished. It does anger me a little bit that we have Mr. Hoilett dealing with all of the cases that were left over. He has, in fact, heard 61 cases in the same period of time, and that commission hasn't heard one. It is

not all the fault of the commission. Perhaps it is our fault in the way in which we set it up.

Mr. Chairman: Mrs. Campbell, I hate to interrupt. Is there an appropriate break in your remarks, because we do adjourn at 12 o'clock? We are under severe time restraint today because Mr. Maloney wants to attend the swearing in ceremony of the Chief Justice which is at 3 o'clock. I am wondering if the

committee could reconvene at 12:45 p.m., which would give the full two hours? Would that be agreeable to the committee, and would you agree to continue at that time, Mrs. Campbell?

Mrs. Campbell: If I may be permitted to do so.

Mr. Chairman: You may be permitted.

The committee recessed at 12:03 p.m.

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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Office of the Ombudsman

Supplementary Estimates, Office of the Assembly



First Session, 31st Parliament

Wednesday, November 30, 1977

Afternoon Sitting

Speaker: Honourable John E. Stokes

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LEGISLATURE OF ONTARIO

WEDNESDAY, NOVEMBER 30, 1977

The committee resumed at 12:50 p.m.

ESTIMATES, OFFICE OF THE OMBUDSMAN (concluded)

Mr. Chairman: I see a quorum; Mrs. Campbell had the floor when we adjourned.

Mrs. Campbell: What I see at this point in time, as far as these estimates are concerned, is something that troubles me. I think this committee ought to be aware of the fact that far more important than the budget itself is what I see as a development in the budgeting process, which means that we are into what may be described as almost a power play between the government and the Legislature, as to who shall control the Office of the Ombudsman. This offends me more than I can say.

There's no question in my mind that we have to have budgetary control, but I believe that this office, peculiarly, is the office which should be responsible to all parties in the House and not to a government group or a government-controlled group. I am saddened that the resolution was lost last night, although I did not support it in its entirety because I felt that it shouldn't be addressed to a minister of the Crown but rather to the Board of Internal Economy itself to be here to explain its position.

There are two reasons for that: One is that they made reference, according to the material to which the chairman of the select committee made reference, to the way in which the office deals with those cases which are beyond the jurisdiction of the Ombudsman. The Ombudsman's committee has made a report, which I understand is to be available today; is that correct?

Mr. Davison: Tomorrow.

Mrs. Campbell: Tomorrow. I understand that the Board of Internal Economy knew of that report's imminence and to me they ought to have been in a position of being aware of the way in which the Ombudsman's committee had reviewed that matter, and the way in which some of these cases arise.

We were very concerned about the matter of non-jurisdictional cases and the fact that they form quite a large proportion of the

overall attention of the Ombudsman's office. But may I say, among other things, that we have found—and this is a matter of public knowledge, because it was publicly discussed at the committee—that in many cases the ministries involved did not raise the question of jurisdiction until almost the end of the procedures. There were cases where it was quite difficult to determine whether or not they were beyond that jurisdiction. None of this could have been available, I should think, to the Board of Internal Economy in its review of the budget.

The other matter which bothers me deeply is, and my understanding is, that the Board of Internal Economy thinks that it should in fact, with the Ombudsman's office, review the office. I find that totally, utterly unacceptable to me. I do not think the files in that office, or any of the information in that office, should be reviewed by what is essentially cabinet. I have to say this, Mr. Chairman, that when the matter came before the committee, again I'm on record as stating as my opinion that I thought there should be at least an attempt by the Ombudsman's office to do its own review.

We all recognize the fact that the Ombudsman who was chosen, was chosen because of his reputation in the civil rights field, his reputation as defence council, and not, with respect, as an administrator. Having looked that whole situation over, we came to a conclusion that perhaps this was the time to engage in a review.

I have to say that I feel that perhaps the resolution fell last night because of the way in which it was presented by the chairman of the select committee, because I think we were all of the opinion that all of the material which he presented to us was in a letter dated November 14, long before the decisions were made. I think this rather coloured, as I understand it, the decision that was made on that resolution.

I feel very strongly that we should have the Board of Internal Economy before this committee—at least invite them—so that they might explain their position. I would like this committee to recognize that it ought to be fighting as hard as the Ombudsman's committee, or anyone else, to keep this

office as a function responsible to and responsive to the Legislature itself and not to cabinet.

Having said that, there is one matter I would like to address myself to, because I find it unusual in my experience of budgetary processes. In the normal course in government you have a group of employees who are, shall we say within the union or within the bargaining team, where overtime is paid. It is not customary, in my experience, to pay overtime to those not in that group, because they are considered to be, by reason of their salary and their position, outside of the bargaining position. I see on page 2d, provision for overtime for two employees whom I would believe, certainly in one case, would be in the management category; and I don't understand why there would be overtime provisions for those two persons. I'm sorry they're spelled out in names, because I don't relate it to two individuals but to the policy of not paying overtime to those in the executive areas of the function. I would like an explanation of that.

[1:00]

The resolution having been defeated, I suppose it is impossible to put a resolution which is different in form. That would be that we invite the Board of Internal—or what I refer to as “infernal”—Economy to appear before this committee to explain its decisions. I would suggest that if there were a way devised by which these estimates could be reviewed by the three parties in this House, then I don't think that it would necessarily flow that the Ombudsman would be in an easier position in proceeding with his estimates. But I do think it would mean there would be a confidence that it was indeed a function of the Assembly and not of the government in the House. Could I have an answer on this question of overtime?

Mr. Maloney: The first of the staff people who have overtime privileges is Stephen Jones. Now the Ombudsman needs a driver; you couldn't manage without it, trying to get along driving yourself around.

Mrs. Campbell: No, I am referring to the two set out on page 2a of your explanation of variants; matter 10.

Mr. Maloney: Bruce Churchill-Smith is now replaced by Stephen Jones—Stephen is just coming into the room. He is a graduate of the University of St. Michael's College, U of T with his BA and he is hopefully going to go to law school next year. So he had a year off in which he wanted to work for the Office of the Ombudsman.

I wouldn't like the thought of having a

driver like ministers do, who sort of await your beck and call and that sort of thing. The thought of somebody doing that for me would be unacceptable. On the other hand, it's important to me that I have somebody who is available when I do need to be driven, provided he is doing other things which are of importance to the office in the meantime. So we have a position of administrative assistant which Steve holds down, and he has agreed to act as the driver whenever I need him. This involves Steve being tied up night after night after night, often till quite late at night. We worked out an arrangement that there would be payment to him of \$3.50 an hour overtime for a maximum of \$2,500 in a fiscal year.

Mrs. Campbell: Could you relate that to the figures that you have given; because this shows, for the person he replaced, \$10.56 per hour for 50 hours per month?

Mr. Maloney: That no longer applies; and Bruce Churchill-Smith never, in fact, earned that much, did he? We were projecting the requirement for paying him in the event he did work 50 hours overtime and we were paying him at that rate. He never ended up getting that much at the end of the fiscal year to which it applied. He even went on to another job—Bruce Churchill-Smith—he is now an investigator in the directorate of correctional and psychiatric facilities. His replacement in the job is Stephen Jones who gets paid on the basis of which I have informed you; namely \$13,200, I think it is, a year for administrative assistant, and then for acting as driver when I need him he is paid overtime on the basis I've said.

Mrs. Campbell: Could I go back?

Mr. Maloney: In the case of Mr. Page—

Mrs. Campbell: Mr. Churchill-Smith, what was his salary at the time this overtime arrangement was entered into?

Mr. Maloney: It was \$12,248 per annum, I am informed by Mr. Mills.

Mrs. Campbell: And what is provided for overtime is \$6,525, which you say he never received?

Mr. Maloney: He never really worked that much overtime, so he never ended up getting that. We sort of estimated how much possible overtime he could earn, for which we ought to be making provision in our budget.

Mrs. Campbell: But when he was paid, he was paid at the rate of \$10.65 per hour overtime?

Mr. Maloney: Yes, that is time and a half; which is fairly standard for workers who are in the field of overtime.

Mrs. Campbell: As I say, that's standard in certain categories; that's where I have some quarrels with you, Mr. Ombudsman.

Mr. Maloney: Suppose I had a driver who did nothing but be available to drive. Frankly, I don't know what salary is paid to government drivers, but I'd still have to have the administrative assistant, and I'm sure the total cost would be quite a bit more.

As long as there is a capable young man like Stephen, or Bruce Churchill-Smith before him, who can fit into the office—Stephen is very helpful to the legal department which directs the operations of people in research; when he's not available to serve me in the capacity I mentioned that's what he's doing, research. He does a real good job for us, he's an important person.

Mrs. Campbell: I'm not questioning the job. I'm just talking about what I think was called the APL group at the city. They were not within the bargaining unit. If they were in planning, for instance, or some of those areas, they worked overtime a great deal. They were required to go out nights, as well as to perform their day-time function, and as I recall there was some question about whether or not they should be provided dinner if they worked overtime. I think they did have a voucher for dinner or something, but they were not given overtime for those duties when they were in that alternate professional group.

You have another one here, with a salary of what?

Mr. Maloney: That's Mr. Page. Mr. Page works for us on a per diem basis. He works while the Legislature is in session. He mans the office, room 157, and he works a certain number of days—a total number of 140 days. He's paid on the basis of \$100 a day for any days he works in excess of that.

As I understand my arrangement with Mr. Page, he doesn't work 365 days a year. He automatically works whenever the House is in session; and he serves that office for a period before and after the House is in session, on the basis of \$100 a day. When he's not there we have a senior person from the staff on duty in that office. One of the directors comes up and works out of that office for a day to make sure that there is always a senior person on duty there.

Mrs. Campbell: Then he doesn't, in effect, receive a salary. What does he receive; at the rate of what did you say?

Mr. Maloney: Would you explain, Mr. Mills, just to make sure.

Mr. Mills: Mr. Page estimated that the

average number of days the House sat over the past few years was 140. On that basis, on that minimal assumption, Mr. Page is paid \$100 times 140, or \$14,000 a year. To provide for any days he might work in excess of 140, the arrangement was that he would be paid \$100 a day.

This figure, again, is a way of providing for the worst, should it happen. We doubt he will work a total of 250 days in any fiscal year, but we were obligated, nonetheless, to provide for the very worst situation.

Mrs. Campbell: So in overtime provision you have \$12,000 in your budget?

Mr. Maloney: Would you really call that overtime; or is it just a continuation of my per diem arrangement with him? In relation to Stephen, I don't think you'd categorize him as a person who belongs to the management staff, so if that were the criteria you would apply to determine whether he's eligible for overtime, I would think he would be eligible. I don't know what your view would be on that.

Mrs. Campbell: When you were giving us a breakdown yesterday of the people you regarded as senior staff, I thought administrative assistants were included. Was I wrong in that?

Mr. Maloney: Yes; I said executive assistants.

Mrs. Campbell: Executive assistants, I see. So below the executive assistant there is an administrative assistant?

Mr. Maloney: Yes.

Mrs. Campbell: And what is the function of the administrative assistant; apart from driving you at night, or driving someone at night?

Mr. Maloney: He works for me in my office on assignments related to my position and unrelated to driving. He is also available to the research branch of the legal department to research files under their direction. That's what he does. As a result of having him do that, we are spared the necessity of having another researcher.

Mrs. Campbell: I just find those two areas difficult; perhaps it would be better to have a straight salary for the person who is functioning in this office and delete the overtime, whatever it is. I suppose it would be hard for you to come to grips with it, but I'm concerned about the per diem arriving at a fairly substantial figure and then the overtime being almost as much as the salary itself.

Mr. Maloney: Would you let me discuss that with Mr. Mills to see the feasibility of

your suggestion and how it could be worked out? We could take it up with you, not while these estimates are under review but perhaps in your capacity as a member of the select committee?

Mrs. Campbell: Well, I think it would be a good thing to review the practice. As I say, I'm sorry that it's related so specifically to named individuals.

Mr. Maloney: They understand.

Mrs. Campbell: It's not intended to be a question of them per se. I think you'd find that you were following normal procedures more closely if that specific group were on salary and not with any overtime.

Mr. Maloney: As I see it, your proposal wouldn't have the effect of decreasing my budget. It'd just put it into a different status that you'd find more acceptable.

Mrs. Campbell: It might. I don't know what it would mean; it would depend on where they would fall in the categories in your office. It does look rather alarming to see \$19,000 provided for overtime for two people when they are both earning substantial salaries as far as the members of the Legislature are concerned. I suppose since we don't earn overtime we're a little jealous of anybody else who does. I don't think that is the basis of my concern; however, I do know—

Mr. Maloney: We will certainly review it in the light of your observations, Mrs. Campbell, and we will get back to you with any problems we see that it raises.

Mrs. Campbell: That concludes my remarks.

Mr. Chairman: You have completed, Mrs. Campbell?

Mrs. Campbell: Yes, except that I did query whether it was possible to put a resolution at variance with that of Mr. Davison; or to have it put for reconsideration, since I am not on this committee. It is a different resolution.

Mr. Chairman: There is a logistics problem, Mrs. Campbell. As you are aware these estimates conclude at 2:45 p.m. today, so I don't think there is any possible way we could make arrangements with the Board of Internal Economy in that short a time.

Mrs. Campbell: I hope there will be some way in which this committee can reflect its concerns about any suggestion of Board of Internal Economy entering into an investigative process in connection with this office. I would like something to be recorded from this committee, because I cannot think that any member of this committee, however they may feel about other aspects, would invite

that kind of scrutiny by the Board of Internal Economy.

[1:15]

Mr. Chairman: I would suggest to you, Mrs. Campbell, that that's a valid concern and an observation you could quite properly make when this vote comes up for concurrence in the House. I think it's quite proper to do so at that time.

Mrs. Campbell: Fine; thank you.

Mr. Maloney: And you can have my assurance that I won't allow it. No staff member of any board that's manned by three cabinet ministers is going to be given access to the files of the Office of the Ombudsman. That's what would be needed if this management study that I envisage is to be conducted, and I withdraw my request for it.

Mr. Reid: Could I just follow up on the overtime? I have one question I'd like to put. Why was it budgeted for Mr. Churchill-Smith at \$10.56, and poor Mr. Jones is only going to get \$3.50?

Mr. Maloney: Because we thought time and a half—

Mr. Reid: It's not because the name was hyphenated?

Mr. Maloney: Oh, no, no. There are hyphenated names in the north, too. The reason for that was that I was informed—you and I plead guilty to being naive and humble—

Mr. Reid: Neither of us meaning it.

Mr. Maloney: Well I always do; and certainly Mr. Walker is a very humble man. I laboured naively under the impression that people concerned with labour would be very annoyed at me if I didn't allow time-and-a-half to somebody who was working overtime. So we tried to project the number of hours we anticipated Churchill-Smith would be required to work overtime in the fiscal year and we allowed for the maximum possible. We fixed his pay at time-and-a-half and it worked out to that sum.

In fact he never worked that much overtime and he never got anything like that sum; but there was quite a lot of criticism about that, that I was wrong when I indicated that you should have to pay him time-and-a-half if it was ever going to lead up to that total figure. So, sensitive always to criticism and always determined to reform myself where it's brought to my attention that I'm wrong, I revised it. When Mr. Jones made himself available, he was quite willing to work under the new terms and conditions. That's about all I can say in answer to that.

Mr. Reid: That certainly satisfies me.

I'm concerned—like Mrs. Campbell I don't want to pick on individuals—but why was this arrangement made with Mr. Page, which seems to be somewhat beyond the general pale of the operations of your office. In fact you might say he's a contract employee; I presume that is the designation. I take it that he is here, perhaps a few days before the House begins, a few days afterwards and during the sittings of the Legislature. I presume that he's not down at the office otherwise working?

Mr. Maloney: You're right. We felt the business in room 157 is not acute or sustained enough to require Mr. Page's service for the total period of time the House is not in session. On the other hand, when the House is in session, I wanted a member of the staff who had been with the staff since its beginnings—as Mr. Page virtually was—who was totally familiar with our operation.

He had originally been our director of administration. He had a good overview of the office. He was totally familiar with the staff at head office, and with the operations at head office. I thought that's the sort of person we should have on duty in this place when the House is in session; for the benefit, really, of the members.

On the other hand, when the House was not in session we felt it would be an economy—and Mr. Page was willing to go along with us on this—when the House was not in session, subject to days that we are involved in something and he's here, we would send up a senior person from the office to be on deck here at all times. So that we alternate; we've got a program that Mr. Mills works out whereby a member, either a director or an assistant director, is on duty in this office every day when the House is not in session and when Mr. Page isn't here.

Mr. Reid: What are Mr. Page's hours while he is here?

Mr. Maloney: I presume he gets in around 9 or 9:30 a.m.

Mr. Page: Quarter to 9.

Mr. Maloney: Quarter to nine. I presume he leaves some time after 5 p.m., except if the House is in session. We have a rule about room 157 that that office remains occupied and the lights are on until the lights go out in the chamber. So that when the House is in session there is somebody manning that office; either Mr. Page, or after 6 or 6:30 p.m. one of the law students who is working for us will be on duty in that office, to be available to any member of the Legislature who wants to have access to it,

or any constituents who want to have access to it. I think the Ombudsman's office being part of the Legislature, the Ombudsman being an officer of the Legislature, his office in Queen's Park should keep the same hours the MPP is doing.

Mr. Reid: I'd just like to ask what are the particulars.

Mr. Maloney: Mr. Page looked them up. In the six-month period covered by the second report—which is what period?

Mr. Hainey: July, 1976, to March, 1977.

Mr. Maloney: He conducted 336 interviews of people who came to interview the Ombudsman's office about complaints, more than come down to Queen Street to do so. Now they would have either come in here directly or they would have been referred to Mr. Page by an MPP, and he conducts the preliminary interview. The case of those 336 people wouldn't be finalized in room 157, he'd get the ball rolling and get it down to our office at 65 Queen Street.

Mr. Reid: Maybe this is unfair, because I didn't ask for it earlier, but maybe Mr. Page could give us a ball park figure of how many of those 336 were referrals, either from MPPs or from MPPs coming in themselves to discuss cases with him; and how many are people who walked in off the street.

Mr. Maloney: Can you give that off the top of your head, Mr. Page?

Mr. Page: No. I can't. I think I gave it for the—

Mr. Chairman: Mr. Page, would you mind just slipping up to a mike for the purposes of Hansard?

Mr. Page: I recall being asked that question and giving the answer. I think it was in the second report of the Select Committee on the Ombudsman.

Frankly, we didn't have a great deal of business in the beginning from the members of the House, but it has picked up recently. I think it's now in the neighbourhood of eight or nine a month from members of the House. We used to have a lot of business from people who walked in off the street, because due to a mistake on the part of the Bell Telephone Company they failed to put the address of the downtown office in the telephone book. Most people thought it was here, and I got a flood of people. In the new edition of the telephone book it's printed and I don't get so many now.

Mr. Reid: Could I ask you one more question, Mr. Page, if I might, while you are at the microphone? How many of these 336, in approximately six or nine months, what-

ever it happens to be, would occur, say after 5 or 6 o'clock at night? Do you have any idea of that?

Mr. Page: Well if I'm not on at night the law student, or whoever is on, leaves me a report. I would say that only one or two per week come after 6 o'clock at night.

Mr. Reid: Is there anybody on duty at your downtown office at nights?

Mr. Maloney: Yes. Starting at 5:30 a member of the student squad comes and mans the desk at 65 Queen Street and stays there until 10 o'clock at night. So that if you were to phone the Office of the Ombudsman any night of the week, except Saturday or Sunday—this works on Friday too—until 10 o'clock, you will receive an answer from a member of the staff, one of the students who is on duty there.

After 10 o'clock we go on to the answering service, which stays on until 8:30 in the morning. The answering service is monitored; a member of the staff is designated for a week at a time to be responsible for checking with the answering service to find out what calls come in. We don't get that many, but it's the significance of the thing that I think is important. The fact that I can go around the province and say: "This office is available to people who want it 24-hours-a-day"; I think that's very important to the people; it's vital. It bothers me terribly if I call up a ministry or a branch of government at 5 o'clock and there's no answer.

Mrs. Campbell: Try 4 o'clock.

Mr. Maloney: That doesn't happen with us.

Mrs. Campbell: Perhaps they're all busy getting ready to go.

Mr. Reid: I would just like to conclude, Mr. Chairman, by saying that I share the concern that has been expressed by other members, the most recent being Mrs. Campbell, about the proposed suggestion by the Board of Internal Economy that they should be able to get into your files and see them. I presume the Chairman has suggested that a motion before this committee would be out of order in regard to that, and that our opportunity will come when concurrence on the estimates comes before the House.

Mr. B. Newman: Mr. Chairman, I simply wanted to ask of the Ombudsman who compiles the lists of the people who visit when you travel, or representatives of your office travel around the province? Is the information that you obtain concerning the individual himself factual enough?

Mr. Maloney: You mean—

Mr. B. Newman: I've got people in here, and I find their addresses are wrong. The addresses of the area you are supposed to look into is incorrect. So I am just wondering if your people check on information that is provided by the complainant?

Mr. Maloney: I guess the information re addresses given to us,—Mr. Gary Speranzini is here and he will correct me if I'm wrong—the information that is given as to addresses is given by the complainant.

Mr. B. Newman: Yes; but do you check whether it is right or not?

Mr. Maloney: We don't go to the phone book, in Windsor, for example, and make sure he has given us the right information. We assume if he has a complaint he wants to give us he has given us the address at which he wants to be dealt with. Is this common?

Mr. B. Newman: I find so many errors in your report, that is the report of your hearings in the city of Windsor, that I wonder how many errors there are in other areas. For example, you've got Ontario Housing at 810 Ouellette Avenue. It's minor, but if a little thing like that slips by your people how many other little things, or maybe even big things, slip by?

Mr. Maloney: I am disturbed to hear it, and I am sure Mr. Speranzini is too. You can rest assured he will get together with you immediately after this hearing to find what other mistakes you've found. We don't like to be making mistakes. We certainly don't make them intentionally.

Mr. B. Newman: I don't think you would make them intentionally, but surely the standards of the staff of the Ombudsman are in question when I find 20 per cent of the complaints that you have here in error by location.

Mr. Maloney: I see. I'm upset about it too. We'll have to look into it right away, Mr. Newman.

Mr. B. Newman: As I said, it is minor, but it makes me wonder, really, how accurate you people are in attempting to resolve problems if you can't come along and record information properly?

Mr. Maloney: We will certainly take your criticism to heart and try to get to the bottom of the mistakes you have discovered.

Mr. B. Newman: Another thing I wanted to suggest: When you do conduct hearings in a municipality, use some type of system so that the individual who comes in knows whether he is the next one to be called; use

a number system or tell them they will be called after a certain individual, because when you were in my community, and I sat through a goodly portion of the time there, I thought that the method used, in my humble opinion, could be improved substantially.

Mr. Maloney: Mr. Speranzini is here and is listening to your suggestions. You can rest assured he will take them to heart. I presume you brought them to his attention at the time.

Mr. B. Newman: No, I didn't up until the time I got your report.

Mr. Maloney: Oh I see, fine; well we will certainly take your criticisms to heart.

Mr. B. Newman: Will you provide us with an outcome, the result of the individual's complaints?

Mr. Maloney: Yes, we find that some of the members, when they receive that document, respond to it. For example, I got one the other day, a response from one of the cabinet ministers whose constituency we had visited, with some very helpful information that he had gathered in respect to some of these cases. This sort of interchange, between him and my office, I think is something that might be emulated by everyone. It would be very useful. If you have any information about any particular cases referred to in that report to exchange with us, any information you have that might be of assistance to us, I think that would be a good idea too.

Mr. B. Newman: That's all, Mr. Chairman.
[1:30]

Mr. Davison: I went on at some length, last evening, Mr. Chairman, about the issues that have arisen out of the workings of the Board of Internal Economy. I don't intend to restate my rather low opinion of what has transpired in any great detail but I think it is important that we realize what we have done and what has happened by what we have done, by what the Board of Internal Economy has done. Last night and today there has really in fact been one issue before the committee, and that is the issue of who will now, and who will in the future, run and control the Office of the Ombudsman; and therefore in whose interest will the Office of the Ombudsman be run and controlled.

I submit to you, Mr. Chairman, and through you to members of the committee, that as a result of what has happened it has become quite apparent to me, if to no one else, that cabinet has decided that they will run and they will control the Office of the Ombudsman. Cabinet has decided that

it will make an attempt to get into the very inner workings of the Ombudsman's office.

I am not just worried about cabinet having access to the files in the Office of the Ombudsman, but about cabinet being able to set for the people of Ontario the future of the Ombudsman's office, how the Ombudsman's office will function tomorrow.

I feel very strongly about that. I can't overstate that. The whole question of the management study bothers me no end, and is in fact the reason I released to this committee the figures I released last night. I might say I believe it would be quite likely, if I had not done so, the figures never would have come before this committee, and the committee never would have known exactly where the Board of Internal Economy had cut and slashed the Ombudsman's proposed budget. That is why I presented the figures.

The question of the management study is one of the most shameful exercises of abuse I have ever seen by cabinet in the province of Ontario, or any other jurisdiction with the possible exception of countries like Uganda and Tanzania. That cabinet, through this board that it controls, would say to a select committee of this Legislature—composed in equal representation, in balanced representation, of members of the House—that the cabinet would say to members of that committee, "We would like your advice on the question of a management study; we would like you to deal with the matter"; and that the committee would then at great length, and in co-operation with the Ombudsman's office, study that question and deal with that question; and that then 48 hours before those cabinet ministers, that board, knew they would have the response of that select committee, they would go ahead, and without the benefit of the committee's comments, make this decision, is to me one of the most reprehensible activities I have ever witnessed around this place.

I am, as a member, just terribly concerned about the defeat of the motion last night. I can understand that members had reasons, other than those that cabinet members might have had, for seeing the motion defeated. Mrs. Campbell's comments strike me as being reasonable. It is unfortunate that Mrs. Campbell wasn't able to bring those concerns to the attention of the committee last night. I think perhaps it might have changed the situation, it might have altered the situation; and perhaps today we might have had a member of the Board of Internal Economy before the committee to explain.

What we did last night was to say we

legitimize what has happened: It is okay for the Board of Internal Economy—not like a committee of this House in public as we sit today, or in public as the select committee on the Ombudsman sits; but behind closed doors—it is okay for the Board of Internal Economy, behind closed doors, to cut the budget of the Ombudsman, to make decisions that will affect every single person in this province as to how the office will be run in the future. What happened last night was terribly unfortunate, regardless of what reasons and rationales there are for what happened last night.

The reality is we will never know why the Board of Internal Economy made those cuts which will result, no matter how much the Ombudsman tries to smooth things over, in a cut in service to the people of this province. It will affect the north, it will affect the people at psychiatric hospitals, it will affect people in correctional institutions: no matter how the Ombudsman plays around with the remaining unallocated portions, or the remaining portions of his budget that he can change, it will still have the effect of reducing service where it is most critically needed.

We've acquiesced to that; we've allowed that. The Board of Internal Economy, and the ministers of the Crown on the Board of Internal Economy, will be called before no committee to explain the rationale. We will never know why those cuts were made and we will always, I will always, be suspicious of their justification.

The issue for us, last night and today, is who will control the Ombudsman's office, who will run the Ombudsman's office? Clearly, the Legislature; and through the Legislature the people of the province of Ontario, have lost the battle. It is quite apparent that the cabinet will now control the Office of the Ombudsman.

I commend Mr. Maloney, in spite of the need for management study, I commend and support the Ombudsman in his decision to refuse to allow cabinet access to the Ombudsman's office. That will stop some of the damage before it can be done; but a large part of the damage has already been done and I'm afraid it's impossible for us as representatives of the people of the province to do anything about that.

We've lost our chance; we've lost our chance for today. The battle is over, and I only hope that members of this Legislature will reconsider the decisions we've made and what we've done, and at some time within the next months will work out a new process

through which we can stop this interference of the cabinet in the Office of the Ombudsman and get the matter before a committee representative of the House. No matter how revolutionary the concept might be, it might be time for revolution around this House. It might be time that the Legislature, on behalf of the people of Ontario, made decisions that were in the interest of the people of Ontario; which is better than the cabinet making them behind closed doors to the detriment of the people of Ontario.

I hope if nothing else has come out of the acrimonious debate in this committee last night and today, it's that realization on the part of other members of the Legislature that over the next months we have to begin to work together to try and rectify this situation; so that the Ombudsman's office can be dealt with openly, in a co-operative fashion; so that the people of Ontario can truly get an unfettered Ombudsman operation and an Ombudsman's operation that is second to none in the world; because frankly, they deserve no less.

Mrs. Campbell: Mr. Chairman, I would like to endorse, as strongly as I can, what has been said by Mr. Davison. I think I made it clear that I had seen the issue myself quite as clearly as the Chairman had.

It's interesting that in Ottawa we hear so much about the autocracy of that government, and yet there is a committee there which is called the management and members' services committee which acts in an advisory capacity to the Commissioners on Internal Economy in Ottawa, and it is an all-party committee—at least I think it is; it may be three parties, I'm not sure whether it's four, but at least it's an all-party committee as we would know it here. If we don't move, somehow, in a direction that gives to the Assembly the opportunity to discuss the Ombudsman's function, the Ombudsman's budget and everything which pertains to it, then I agree we have lost the battle.

I would hope, however, that notwithstanding the loss of the resolution last night, we haven't entirely lost the battle. I would hope that this committee, setting aside its indicated and articulated several points of view, would group together to engage in what I foresee as a struggle against cabinet control of the Ombudsman's office. I think that's the worst thing that could happen. If we cannot, in this period where we have minority government, affect this sort of function for the Legislature, then in a time of a majority government, which wouldn't be very concerned about the office, we would

see a deterioration in the function, which I think would be catastrophic to the people of this province.

Whatever we may feel — and there are angers, there are resentments, there are all sorts of things; and as I said I think in some areas the Ombudsman himself, or his office, has been the author of some of the misunderstandings, without question—nevertheless I think those of us who are dedicated to the principle that the person who is, in my view at least, already over-governed in this province, should have someone to assist him or her in trying to find a way through all of the red tape and all of the bureaucracy, if we don't care about that we're dead. If we do care, then we have to represent, as a Legislature, the person out there who needs this kind of assistance.

I would hope that perhaps we could get together, so that when the estimates come before the House there may be a concerted effort to express that philosophy, regardless of what may be felt about individual items in that budget; because it's crucial, in my view.

Mr. Maloney: I don't think I have any further comment to make. I've listened with great interest to both Mr. Davison and Mrs. Campbell. I don't think there is anything I can usefully add to what I've already had an opportunity to say.

Mr. Chairman: Are there any further comments with respect to these estimates? Shall vote 701 carry?

Vote 701 agreed to.

SUPPLEMENTARY ESTIMATES, OFFICE OF THE OMBUDSMAN

Mr. Chairman: Shall the supplementary estimates carry?

Vote 701 agreed to.

Mr. Chairman: This completes the supplementary estimates of the Office of the Ombudsman. At some later time in the afternoon, we had anticipated at 3 o'clock, we are to deal with the Office of the Assembly supplementary estimates. I believe the Speaker and the administrator of the office, as well as a number of other people, will be in attendance at that time. The supplementary estimates of the Office of the Assembly, for the information of the committee members, total \$3,347,600. So perhaps we could now recess until we have the Office of the Assembly personnel assembled.

The committee recessed at 1:44 p.m.

The committee resumed at 2:30 p.m.

SUPPLEMENTARY ESTIMATES, OFFICE OF THE ASSEMBLY

On vote 201:

Mr. Chairman: I'll attempt to represent the government interest here. I see a quorum. We're dealing with the supplementary estimates of the Office of the Assembly. The total is \$3,347,600. Any discussion of these supplementary estimates?

Mr. Reid: I presume we've already dealt with the main body of the estimates.

Mr. Chairman: Yes, we have.

Mr. Reid: It is in some way ironic, Mr. Chairman, since we gave the Ombudsman such a hard time, that we should be here a little later passing, with some ease I would presume, supplementary estimates of over \$3 million for the Office of the Assembly.

I wonder if perhaps the Speaker could give us some indication of why all these funds are necessary. I presume we can go all over the map, so to speak, rather than take them in order.

Mr. Chairman: Yes.

Mr. Reid: I wonder what is the rationale, for instance, for the \$2.640 million which is the bulk of the estimate, in regard to the Commission on Election Contributions and Expenses.

Mr. Speaker: The reason you see that amount of money reflected in the supplementary estimates was as a result of an admonition that the Office of the Assembly received from the Provincial Auditor. Because of the impossibility of predicting when an election might take place, we had a large sum of money—and the largest sum was for services—\$2,583,800 was the amount that is requested by the various candidates in a provincial election. As I say, not knowing when an election is to take place, you sort of leave that amount of money free so that if an election were to take place you would have money in place to reimburse the various candidates.

Mr. Reid: I am all for that, Mr. Speaker.

Mr. Speaker: Mr. Miggiani was having some difficulty as to whether it should be a statutory payment or whether there should be a regular estimate for that amount of money. As I say, because of the inability of anybody around here to indicate when an election might take place, all we are doing is complying with a recommendation made to us by the Provincial Auditor.

Mr. Miggiani might want to elaborate, but that money has to come from some place. It

is just a question of whether it comes from an estimate or whether it is a statutory payment. Mr. Miggiani, could you just fill them in on that?

Mr. Miggiani: Thank you, Mr. Chairman.

What happened, Mr. Reid, is we processed the cost of these services under statutory appropriations, and as Mr. Speaker has pointed out the Provincial Auditor thought that was contrary to the Act; therefore we had no choice but to reintroduce the expenditures that were caused as a result of the last election, and are still being processed under an estimated vote.

Mr. Reid: So this is not a sort of contingency fund in case somebody loses their head and does something foolish before March 31.

Mr. Miggiani: No, no; most of this money has already gone as a result of the last election. Really, what has happened is according to the Act they have to be under an approved estimate; the unfortunate part is that we cannot in any way calendarize or foresee an election, so what we are trying to do now is to amend the Act—and there are measures in process to have the Elections Commission Act changed—so that these expenses will be introduced under statutory appropriation.

Mr. Speaker: The only reason they are here is by resolution of the House. In 1976 the House directed that the commissions and boards that did not come under a specific ministry should report to the Board of Internal Economy; that is the only reason it comes in here, because there is no other place to put it.

Mr. Reid: I find myself, Mr. Chairman, with a bit of a conflict of interest in this regard; but it certainly makes sense and so I have no further comments on that.

I wonder about those two further requirements; members' indemnities a total of \$284,700, and members' support services. What does that entail?

Mr. Speaker: A large portion of the \$284,700 reflects the increase that was granted to members, an increase from \$15,000 to \$17,200 effective September 15. Also included in that is an anticipated eight per cent increase for members; and \$55,000 of that was the increase in the mileage allowance from 15 to 18-cents-a-mile.

Mr. Reid: The best-spent money in the province, Mr. Speaker, if I may say so.

I presume, then, that members' support services goes for secretarial increases?

Mr. Speaker: That is right. There was a recommendation made by the Board of Internal Economy; someone suggested it is

subject to Anti-Inflation Board regulations and it is before them now for their ratification. That's the amount that it is expected will be required if the recommendations of the Board of Internal Economy are approved by the Anti-Inflation Board.

Mr. Reid: These various sundry amounts: Under administration, salaries and wages \$6,800, press clippings, \$6,900; commission on election contributions, salaries and wages, —that's a little bit more expensive; the legislative library, salaries and wages, \$6,800; are those for new staff or are those just increases?

Mr. Speaker: The cost of living adjustments contribute to a major portion of it. I suppose the largest single portion was the additional purchase of 1,625 books for the library; books that are being or will be purchased between now and the end of the fiscal year. There are really the two items; the cost of living adjustment for the salaries of the employees at the library and the additional purchase of more books.

Mr. Reid: Under administration, salaries and wages \$6,800; I presume that's increases? Services \$23,400; what is that for?

Mr. Speaker: Actually, since you've got into it, there was a reclassification of some of the employees in the office of administration and the figures you see before you aren't an exact reflection of what's contained there. There was an amount of \$90,000 in excess in the amount that was allocated to Hansard. That was a credit for the operation of the office of administration. There were cost-of-living adjustments; there was overtime for the leaders' drivers in the amount of something like \$10,000; there was a deficit that was not anticipated during the original estimates, of something like \$35,000 for the operation of the dining room. We have a computer service where all of the office files are now computerized that amounted to \$23,000; and there was a \$20,000 item for repair of furniture to the caucuses.

Mr. Reid: You said the magic word.

Mr. Speaker: I triggered something here, Mr. Chairman.

The net result of all of those, with the surplus that we had in Hansard, reflects a deficit of \$22,400; that's what we're asking for.

Mr. Reid: Can you explain the recoveries? What do the recoveries mean? Where does the recovery come from?

Mr. Speaker: Mr. Miggiani, would you elaborate on that one?

Mr. Miggiani: The recoveries come from the sale of liquor, the catering services—

Mr. Reid: Not very heavy drinkers around this place.

Mr. Miggiani: —the barber shop; that's mainly where the recoveries are realized.

Mr. Reid: I've got a couple of questions that may or may not be exactly on topic. I notice Mr. Brannan is here, and I notice you stated that some of the money was recovered from Hansard, in other words not used and put into other budgetary items. The standing committee on public accounts has requested that Hansard's services be made available to that committee in that we would like to have it printed. There seems to be some confusion as to whether we want an instant Hansard and let it go at that, or a Hansard printed as the estimates are. If I may, I wonder if I could ask if that's possible at the moment; and how much extra cost would it involve? I realize this is a little off the topic, Mr. Chairman.

Mr. Chairman: Slightly, yes.

Mr. Reid: We could get that \$90,000 back to Hansard, you see.

Mr. Speaker: The standing orders of the House stipulate what transcriptions will be taken for granted around here. Of course this committee is transcribed, as are all other standing committees which hear estimates; but on the select committees it's not anticipated any full transcribing of those proceedings is to take place. There is a taping of most of them, and where requested a précis will be provided for at least a segment of that, if it's requested by the chairman. It's my understanding that for every hour of transcription, or every hour of proceedings, it takes at least six hours of work by Hansard just to duplicate that.

Mr. Reid: Longer, depending on who's talking.

Mr. Speaker: Yes, but if you wanted to elaborate further on it, perhaps Mr. Brannan would come to a microphone.

Mr. Reid: Just before Peter starts; I think you indicated that standing committees were transcribed. By transcribed, you mean audio transcription rather than printed?

Mr. Speaker: There is a full Hansard of the complete proceedings here today.

Mr. Reid: Public accounts is a standing committee but we do not have it typed.

Mr. Brannan: If I could explain, Mr. Chairman: The distinction is that the standing committees are transcribed and printed when they are considering estimates, as we are now; but when they are meeting for any other purpose they are merely recorded.

The order of the House was that they should be just recorded and not transcribed, but we moved away from that, to a certain extent, in recent months, when the Speaker expressed the wish that certain portions of standing committees could be transcribed at the request of the chairman of each committee. He didn't really want us to extend ourselves to cover the whole thing at any time, but he felt we should transcribe certain portions, as requested, to ease the task of the committee.

The simple reason is that we are not presently asked or expected to do that by standing orders, and so we are not staffed up, or we don't have the equipment normally, to do that, on a general basis.

Mr. Reid: I won't prolong it, Mr. Chairman, but I just wondered about the cost. The Speaker has indicated six hours work for one hour of voice transcription. What cost are we looking at per hour? Can you break it down on an hourly basis so we will have some idea?

Mr. Brannan: I've never done it as far as staff is concerned because the main cost of reproducing a committee is when you go to the cost of having it printed, then it does cost a very firm amount. It costs in the order of \$475 an hour to actually print the coverage of a committee.

Speaking of transcribing, we normally bring in part-time people to help us with additional jobs, and part-time transcribers make about \$6.50 an hour, I believe, so I suppose we could say it probably costs somewhere up to \$100 an hour, say \$80 an hour to actually transcribe these things.

Mr. Wildman: Could you tell me how long it takes, normally from the time of—like this committee's hearing today, when do you expect that would be printed?

Mr. Brannan: There isn't really a normal time, because it fluctuates depending upon the pressure of work. Since there is no sitting of the House today, the staff are concentrating on these committees and they will be done fairly promptly. In fact this committee will probably be done tomorrow, completed and transcribed tomorrow. If the House were sitting today, we would give the House priority and this committee might not get transcribed until Thursday afternoon, or Friday even, and might not get formally printed until Tuesday or Thursday or Friday of next week.

[2:45]

Mr. Reid: The Speaker inadvertently touched a sore spot with me. Having gone

through some of these things en masse I don't see any vote for it, although I am sure somewhere there is something. It has to do with office furniture. I was moved, against my will, from a third floor office, a somewhat sumptuous, palatial office I had—

Mr. Chairman: I would agree with that.

Mr. Reid: —to which I was entitled by reason of seniority, merit and qualification. I now find myself back on the first floor with a desk and two visitor's chairs, and very little else. The whole thing seems to be, depending on whom one talks to, the biggest mystery since judge whatever-his-name-is disappeared. Is there a policy?

First of all: Who is responsible? Is it the Speaker's office; is it Mr. Fleming; or are Mr. Fleming and Mr. Speaker responsible for providing those amenities—if that is the term, necessities is probably a better one—for the members? What policy is there in regard to those kinds of provisions for the members?

Mr. Speaker: That is a blurred area at the present time. Having newly assumed these responsibilities, I am asking the same questions myself.

It has been my understanding that up until the very recent past this was pretty well ordained by the Ministry of Government Services. Now that it has become a touchy point, I sense a trend to putting it under the Board of Internal Economy. In that connection, since the Minister of Government Services (Mr. McCague) has indicated that the three secretariats remaining in this building will be found quarters elsewhere, it is going to free up additional space in this building so that there will be at least 125 sessional offices for members in this building, which isn't the case at the present time, with sufficient support staff and sufficient space to accommodate them.

That is under way now, in an attempt to find the best use of that space, having regard for the additional requirements of members, having regard for the need for more committee space, for a possible expansion of Hansard and the library, a consolidation of the members of the press gallery in one place, and for moving the deputy chairman of the committee of the whole House from the fourth floor down to some place reasonably close to where the other presiding officers are. As a companion study to that, there will be guidelines which will indicate what everybody is entitled to in the way of doing business in this Legislature.

I know there have been problems in the past as to whether or not a member was entitled to a set of shelves. To me that sounds rather academic. It goes without saying that

if a member needs a set of shelves he should have them. I agree with you that up to this point the lines have been rather blurred and nobody would want to accept the responsibility for making those decisions.

I am hopeful that before the end of February we will have some idea. Mr. Fleming will be working with some representatives from the Ministry of Government Services to outline what the best use of this building might be, having regard for the needs I mentioned earlier. As a companion to that, there will be guidelines at least as to the basics that everybody around here should be entitled to.

Mr. Reid: Do I take that I am not going to get my couch and chairs? Is that what all that means?

Mr. Speaker: No, I don't think it means that at all if the nature of your operation is such that you think you require it. Whom did you ask?

Mr. Reid: I think just about everybody from the Premier (Mr. Davis) on up. I think Mr. Fleming has something to say here.

Mr. Fleming: The Board of Internal Economy did approve furniture entitlements for members and members' secretaries. The list was drawn up about two years ago. Our problem is that we feel that this has been superseded in a number of areas.

For instance, there weren't any members' offices other than ministers' in the southern part of the building at that particular point. All the members' offices were in the northern part, and therefore it might not have been very realistic to have designated, shall we say, a sofa and a chair for each member. Now we find ourselves in the position where there are a number of offices in the southern part of the building which are large and obviously need the right furniture for them.

So the policy has really devolved into providing where possible more furniture in keeping with these large offices. The recent problem with Mr. Reid's furniture, and I believe another colleague of his, is that we simply have not had the funds in the budget to be able to meet the requirements for sofas and chairs.

In a discussion with the Speaker some time ago, we simply felt that in view of the fairly large amount of money involved, and having regard for the rest of the members who might require such purchases, it really would have to be looked at in the context of the future development of the space in the building. Certainly what Mr. Speaker says is absolutely correct.

Mr. Reid: What you are saying is that I

am not going to get my couch and chairs either.

What I find somewhat offensive is the fact that, first of all I had to give up that rather palatial estate; following that old furniture was moved, to wit my desk which I have had for some 10 years, but the better quality stuff remained in that office.

If I could put just one question: When those funds were allotted, were they allotted on a global basis, to just anybody from any party who requested them, or was there an allotment to each caucus? As you know, an NDP member now has my furniture, and I am wondering if that was initially an expense against our caucus but now he has the goodies.

Mr. Fleming: No, this was an across the board furniture entitlement; the same for every member, every back-bencher. It was provided out of Legislative Assembly funds rather than caucus funds and there was a definite dollar figure attached to it. We would be very happy to provide you with a copy of the existing guidelines.

Mr. Reid: Would you be very happy to provide me with a copy of the chesterfield and chair I had in my other office?

Mr. Speaker: We will look at it.

Mr. Wildman: Could the Speaker explain the relationship between his office and the Board of Internal Economy, of which he is the chairman? I don't know whether it is in order or not, Mr. Chairman, but if the Speaker could relate that to Mr. Speaker Jerome's position in the House of Commons, if he knows about that, I'd appreciate it.

Mr. Speaker: The Speaker's function as the presiding officer in this House is to his function as the chairman of the Board of Internal Economy as night is to day. I am responsible for the orderly conduct of business in the House. It has been suggested, however, that I have no executive authority when I put on my other hat and become the chairman of the Board of Internal Economy. The Speaker has no power to vote on matters before the Board of Internal Economy, and the Speaker has no power to move a motion at meetings of the Board of Internal Economy. In effect, his only function is to see that the meetings of the Board of Internal Economy operate in an efficient manner.

I find it somewhat uncomfortable, not having any executive authority, not having a vote, not having the power to move motions; yet I am the vehicle whereby a lot of this information gets transmitted from the Board of Internal Economy to the various offices in this building, including members' offices. As

a matter of fact, the transmittal that came from me to the chairman of this committee this morning was to indicate why the director of administration and myself thought it was appropriate to provide certain information to a select committee on the direction of the Board of Internal Economy.

I think this is something that the House might want to look at; just what authority the Speaker as the chairman of the Board of Internal Economy has. As I say, I find myself presiding over the meetings with no particular powers to do anything. I simply act as a messenger boy from the Board of Internal Economy to the people who come under the jurisdiction, or whose needs fall within the responsibility, of the board.

With regard to the second part of your question, I'm not totally familiar with Mr. Speaker Jerome's authority in Ottawa. I think it's much more of an administrative role there as opposed to strictly a chairman's role here.

This is also something I think the House should look at. It's a role that isn't a particularly comfortable role; it's one the Speaker has found himself in ever since the Board of Internal Economy was set up. I think it's unfair, and not just because I happen to be holding that particular position at the present time. It's strictly a functional role, and if you don't mind my saying it, it also involves acting as a messenger boy.

Mr. Wildman: I appreciate that answer. I'm not fully familiar with Mr. Speaker Jerome's position. I understand he has a great deal of control over the operation of the buildings on Parliament Hill and is in charge of the allocation of funds for offices, office space and that sort of thing.

It's my understanding that your position, or the position of the Speaker at Queen's Park, is far less like that than it might be.

Mr. Speaker: There is apparently, a shared responsibility between the Ministry of Government Services and the Office of the Speaker. This is outlined by an order in council, which specifies the particular parts of the building that come under the jurisdiction of the Speaker. Accompanying the order in council are colour-coded blueprints which outline the responsibility which rests with the Speaker as opposed to the Ministry of Government Services.

I don't know how long the Speaker is going to be asked to operate in that fashion. When more space in the building is freed up with the exodus of the secretariats, I suppose they'll have to get out the crayon again and amend the order in council. That's only speculation on my part. Perhaps your mem-

bers' services committee or some other committee would be in a better position to say what might happen.

Of course as you know, come Thursday night in the House there will be a debate on the Morrow report, which was set up to deal with the Camp commission. While there is no motion associated with that debate, it may be interesting to see what the members have to say about that particular issue.

[3:00]

Mr. Wildman: Just to be more specific, and following through from what Mr. Reid was discussing, can you tell me or give me some explanation as to what kinds of services are involved under sessional requirements in this estimate, and what transportation and communications refers to?

Mr. Speaker: It's \$197,000 in total. The bulk of that, \$185,000, is for select committees. That is a reflection of what their requirements will be to conduct their tasks between now and March 31. There are a couple of other minor items adding up to the \$197,000, but the \$185,000 is for the needs of select committees.

Mr. Wildman: Moving further down to other members' indemnities, transportation and communications, is that transportation to and from Queen's Park or generally?

Mr. Speaker: And within the constituencies. There is an amount of \$55,000 just for the increase in the mileage allowance from 15 cents to 18 cents.

Mr. Wildman: I don't know whether you can answer this question, but under that vote then, I would imagine, is the contingency fund, if there is one, for members who are travelling around their constituencies and find themselves either marooned because of weather or whatever, and have to stay overnight and get accommodation somewhere within their constituencies.

As you know, with a riding the size of Algoma—and certainly you would be familiar with that, Mr. Speaker—on occasion, especially in the north end, I have to stay overnight in places like Wawa or Hornepayne. Hornepayne is approximately 280 miles from my home. I have been reimbursed for a number—not all of them but a number of them, I haven't applied for all of them—and in each case I have written a letter to Mr. Fleming and he's brought it before the Board of Internal Economy and there's been no problem. It's been approved because in every case in which I've applied it's been because I've been travelling on constituency business. I'm just wondering

why it's necessary for me to write a long letter, or is it, to ask for reimbursement?

Mr. Speaker: No, not any longer. At the first meeting that I chaired, on the agenda was an amount of money that you had claimed—\$29.36 or something like that. I thought it inappropriate to be taking up the time of the Board of Internal Economy for items of that nature and brought it to the attention of the board. They said, "Any that you feel are justified under similar circumstances go ahead and pay them. The only time we want it brought to our attention is if, for some reason or other, you refuse them."

The hon. member for Rainy River (Mr. Reid), myself, and our other two northern colleagues, the member for Kenora (Mr. Bernier) and the member for Cochrane North (Mr. Brunelle), are able to deduct legitimate expenses of that kind, for overnight accommodation, from our travel allowance, as well as our air travel allowance because of the size and remoteness of our ridings. We do deduct that from the travel allowance and that's taken as a matter of fact.

Just to answer your question specifically, as long as you can provide a receipt indicating you were overnight at some point in your riding it will be paid.

Mr. Wildman: I don't want to extend this, but I just want to point out—and this may sound self-serving, it probably is—in a riding the size of Algoma, and for that matter a riding the size of Nickel Belt too, you can run into this problem. If you're going to serve the constituents in the north, it is required. Mr. Fleming, do you want to comment on that?

Mr. Fleming: The Board of Internal Economy actually did discuss this situation at some length. As you know, the Act was then amended to give the board discretion over who might be reimbursed for such expenses. They declined for some time, however, to give the Speaker, or the chairman of the board in this context, the power to write it off, simply because they were a little bit afraid that a number of applications might come in from large ridings in different parts of the province. Actually this wasn't the case, so it seems to have been resolved.

Mr. Wildman: One other thing is that I know some ridings, because of the remoteness or the lack of roads and so on, have a flying-within-riding account. In a riding like mine I don't have any areas that are completely inaccessible by road or railroad, but

using one road I travelled on I had to get a four-wheel-drive vehicle and a fellow drove me in. It was three miles and it took us four hours to make it, but we made it. I just wonder: If I were to fly norOntair from Sault Ste. Marie to Wawa instead of driving, would it be permissible for me to claim that type of expense or not?

Mr. Reid: No.

Mr. Speaker: The Act specifically designates those ridings where, because of the transportation difficulties, they will allow you to charter or to take a regular air flight in order to gain access. Anything like that would require an amendment to the Act.

Mr. Wildman: However, if I were flying from Toronto to my riding and I was going to Wawa, I could claim the whole distance from Queen's Park to Wawa; but if I stop off at my home in between, I've got a problem.

Mr. Reid: I know there are others on the list who wish to speak, but just to clear up one point in relation to my friend's question concerning the little brouhaha we had last night and this morning about the letter that was written to Mr. Davison, the chairman of the select committee on the Ombudsman, did I understand you to say that that letter was written at the direction of the members of the Board of Internal Economy?

Mr. Speaker: It was discussed by the board as to whether or not it was appropriate that the information that we were developing dealing with the Office of the Ombudsman be made available to the select committee studying the Ombudsman. The board said yes. We transmitted that information, to which we thought the committee had a right and that would facilitate its business and its operation.

Mr. Reid: That certainly clears that up, Mr. Speaker. I would like to make a suggestion, that you perhaps read in Hansard the exchange that took place last evening

and acquaint yourself fully with exactly what took place. I feel that, perhaps unintentionally, Mr. Davison gave the committee an erroneous impression of the Speaker's role in this matter and attributed, again perhaps inadvertently or perhaps due to my misunderstanding, motives and suggestions to the Speaker which were in fact obviously not intended by the Speaker or Mr. Fleming or the Board of Internal Economy.

Mr. Speaker: Just for the edification of the members, I want to draw your attention to a minute of our 13th meeting of this year: "The 1977-78 supplementary estimates of the Office of the Ombudsman: This item was deferred to a later meeting to enable the members of the Board of Internal Economy to meet for discussion of the Ombudsman's estimates with the members of the Select Committee on the Ombudsman."

We offered to be present and to meet with them, and the committee declined through the chairman. So in lieu of that we said, "All right, we will transmit what information we have."

Mr. Reid: That's very interesting. May I ask why they declined? Did they give any reason? That certainly didn't come out in our discussion.

Mr. Speaker: They didn't think it was appropriate at this time, since they were in the process of preparing a report for submission to the House. We did make that overture to them to try to clear the air, but it was declined.

Mr. Reid: That just makes Mr. Davison's presentation all the more unbelievable.

Mr. Chairman: Is there further discussion on these estimates?

Vote 201 agreed to.

Mr. Chairman: That completes the supplementary estimates of the Office of the Assembly.

The committee adjourned at 3:12 p.m.

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SPEAKERS IN THIS ISSUE

Campbell, M. (St. George L)
 Davison, M. (Hamilton Centre NDP)
 Gaunt, M.; Chairman (Huron-Bruce L)
 Newman, B. (Windsor-Walkerville L)
 Reid, T. P. (Rainy River L)
 Stokes, Hon. J. E.; Speaker (Lake Nipigon NDP)
 Wildman, B. (Algoma NDP)

Office of the Ombudsman officials taking part:

Hailey, G. A., Executive Assistant
 Maloney, A. E., QC, Ombudsman
 Mills, J. A., Director of Administration
 Page, J. P., Director, Legislative Building Office

Office of the Assembly officials taking part:

Brannan, P. J., Chief of Hansard
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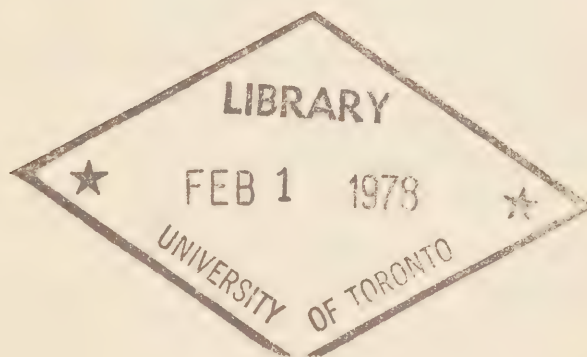
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General Government Committee

Estimates, Ministry of Transportation and
Communications



First Session, 31st Parliament

Monday, December 5, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

MONDAY, DECEMBER 5, 1977

The committee met at 8:08 p.m.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATION

Mr. Chairman: I see the critics are here. We'll commence with the consideration of the estimates of the Ministry of Transportation and Communications.

Perhaps before we start with the minister's opening statement, we could clarify for the purposes of the record how we'll deal with the Ontario Telephone Services Commission and the Ontario Highway Transport Board, the Toronto Area Transit Operating Authority and UTDC. These are commissions and boards under the jurisdiction of the Ministry of Transportation and Communications. I think the minister and his staff would like to know when the committee would like to deal with these various boards and commissions so that the appropriate staff could be in attendance.

First of all, would the committee agree that some time should be set aside separately to deal with the various boards and authorities which I've indicated?

Mr. Philip: I think 20 hours would be enough for the transport board.

Mr. Cunningham: I don't mind as long as I get 10 for UTDC.

Mr. Chairman: I don't mind as long as you're prepared to sit Christmas Eve and Christmas week. In any event, is there any day within the next two weeks which you'd like to designate for any one or all of these various boards?

Mr. Cunningham: I'm open for all of them, except for the evening of one and the day—a week Tuesday—and the following day is not all that convenient either. I have an interest in those subjects; with the exception of the communications program, I don't have a great deal of concern about that.

The other program is vote 2403, which would be the OHTB; and UTDC would normally fall under what, under vote 2402 wouldn't it?

Mr. Gilbert: Yes, vote 2402.

Mr. Cunningham: Let's make it at the

convenience of the people involved as far as I'm concerned.

Hon. Mr. Snow: What we did before—say we were dealing with vote 2402, we would deal with everything except the UTDC part and just reserve it to whatever time was set aside for them to be here.

Mr. Cunningham: My concern is that they're fairly contentious issues, at least from my perspective. I'd like to make sure there was enough time in the estimates to cover the ground.

Hon. Mr. Snow: Do you want UTDC here tomorrow night?

Mr. Cunningham: That would be fine with me.

Mr. Vice-Chairman: We can deal with all of those items this week if that's the desire of the committee.

Mr. Cunningham: Later in the week, possibly—

Mr. Vice-Chairman: The minister and his people can be here.

Mr. Cunningham: A Wednesday night or a Thursday night might be a little better, insofar as I think it would be helpful—

Hon. Mr. Snow: To my knowledge we're not sitting Wednesday night or Thursday night.

Mr. Vice-Chairman: No, we don't sit Wednesday night, nor do we sit anytime Thursday or Friday.

Mr. Cunningham: Wednesday afternoon?

Hon. Mr. Snow: Wednesday afternoon.

Mr. Cunningham: That might be helpful. The only caveat I offer is that it would be helpful for us if we could get some sort of copy of that annual report. There must be some proofs or some rough copies or Xeroxes we could take a look at.

Mr. Vice-Chairman: Would you like to deal with the Ontario Telephone Services Wednesday afternoon, or the Ontario Highway Transport Board?

Mr. Philip: I am particularly interested in the transport board and Wednesday is a bad day. As chairman of the Justice committee I'd like to, if possible, go from one committee to the other. Any day other than

Wednesday would be more convenient, because that's the only day on which the two committees have clashing time tables.

Mr. Vice-Chairman: Would you prefer tomorrow night for the Ontario Highway Transport Board?

Mr. Cunningham: That would suit me very well. I understand the board is sitting.

Hon. Mr. Snow: I would suggest either tomorrow night or next Monday evening, one or the other.

Mr. Cunningham: Either is fine with me.

Mr. Vice-Chairman: Would the committee agree on Ontario Highway Transport Board tomorrow night?

Mr. Cunningham: Agreed.

Mr. Philip: That's fine.

Mr. Vice-Chairman: What about the Ontario Telephone Services Commission? I would imagine that would slip through fairly quickly.

Mr. Wildman: You're not that filled up today, are you?

Mr. Vice-Chairman: No, I'm not. I'm just trying to anticipate—

Mr. Philip: I think most of the questions on that will come from northern members.

Mr. Wildman: I was just joking.

Mr. Vice-Chairman: Do you have any suggestions, Mr. Philip?

Mr. Philip: I'm open to whatever—

Mr. Cunningham: It's the last vote. Possibly we might just let it come toward the end when you'll know how much time you have left.

Mr. Vice-Chairman: The same with the Toronto area transit and UTDC?

Mr. Cunningham: I would prefer that we had some time on that. I'm wondering if next Monday would be suitable for them.

Hon. Mr. Snow: That's okay with us.

Mr. Philip: That's good.

Mr. Cunningham: We wouldn't want to take them away from their work during the day.

Mr. Vice-Chairman: Does the committee just want to fit the other two in at the various stages when the votes are being dealt with? Is that your wish?

Mr. Cunningham: Fine with me.

Hon. Mr. Snow: What about TATO? How long do you think you'll want on TATO? GO Transit.

Mr. Cunningham: I know our urban member might want to say something on it. I

have some concern, but I wouldn't think it would be all that long though.

[8:15]

Hon. Mr. Snow: So tomorrow evening it's the Highway Transport Board; next Monday a week from tonight, UTDC; Telephone Services Commission we'll leave flexible, probably next Tuesday night. Would you like TATO perhaps Wednesday afternoon. Is that convenient to you?

Mr. Wildman: Sure, I'll get Dave Warner to handle it; he's interested in that issue.

Mr. Vice-Chairman: All right, Wednesday afternoon.

Hon. Mr. Snow: That would be December 7.

Mr. Philip: Which one did you choose?

Hon. Mr. Snow: Wednesday afternoon, December 7.

Mr. Vice-Chairman: Just to review, then, for the committee: The Ontario Telephone Service is flexible; the Ontario Highway Transport Board, tomorrow night; Toronto area transit, Wednesday afternoon; and UTDC Monday next. Is that satisfactory? Okay, we'll commence, then, with the minister's opening statement.

Hon. Mr. Snow: Thank you very much, Mr. Chairman. I look forward to being here with you for the next couple of weeks to debate the estimates of my ministry for the fiscal year 1977-78. To that end, members of the committee have been furnished with briefing material, which I'm sure will be of assistance in allowing us to proceed in an orderly fashion through each vote and item. The two critics have their briefing books and there are briefing books for all members of the committee. We've only got a couple of members for the committee here, but we'll give them books at this time. Please give one to the Chairman here too.

Before dealing specifically with the estimates, I would like to spend a few minutes describing the background planning and decision-making process upon which the future long-range plans of the Ministry of Transportation and Communications are based and developed.

The ministry has concentrated its efforts largely on the development of the road and highway network, licensing drivers and vehicles; and more recently commuter, transit, air and communications services. It has focused upon the setting and enforcement of reasoned standards, technical excellence and internal efficiency.

In decades of rapidly expanding budgets, this approach was appropriate, viable, and

accepted government policy. With flexibility of funding, the ministry has been able to respond to rapidly changing directions and trends with new expenditure programs.

In recent years, the situations have changed. The government recognized that costs were outstripping potential revenues, leading to the present policy of constraint. The ministry responded by initiating a major management improvement review. The two main thrusts emanating from this review were the restructuring of the ministry to deliver our programs through five regional organizations and the introduction of strategic planning. These are among the strengths which the ministry now has in place to discover and deal with the threats and opportunities which lie ahead.

The challenge of the next five years is to find ways in which the transportation and communications systems of Ontario can respond to these questions. Any new initiatives which may be required will be funded largely from efficiency savings in existing programs.

During the next five years, we can expect MTC to be a better planned, tuned and more competent organization, with greater control over resource allocation and strategic and long range planning.

While on the surface the anticipated changes may not be dramatic, the next five years will be a period when the necessary planning and administrative procedures are put into place to cope with the forecast capital and energy problems of the mid-1980s and early 1990s. The 1978-82 period will be the transitional phase, during which government and the ministry will work out plans to cope with these problems.

In May of this year we completed the first cycle of the strategic planning process we have been introducing during the last year. This resulted in a set of guidelines for planning covering the period up to 1982.

Our objective was to provide an overall framework for management and planning in the ministry to enable us to develop policy advice for cabinet and plan our actions in a prioritized and orderly manner. We also wanted to provide ourselves with a long-range view of the direction we can expect for transportation and communications in Ontario and thereby be able to plan accordingly.

The first step we took was to produce a position and prospects summary. This summary reviewed where the ministry and its programs now stood and the challenges we face over the next five years. In developing this view of the ministry's positions and prospects, staff submissions dealing with a wide range of subject matter were reviewed. These

dealt with government policies, comparisons of transportation and communications policy between Ontario, the rest of Canada and the USA, as well as public expectations and economic and environmental considerations.

During the review of this material, seven major factors clearly emerged as controlling the ministry's actions over the next five years.

These factors relate to: financial constraints; Ontario's economic strength and competitiveness; Ontario's place and role in Canada; degree of control or influence that we have over the transportation and communications systems in the province; public expectations; uncertainty of the effects of the energy crunch; requirements for greater openness and accountability by government.

These reflect the government's policies for the immediate future and the next few years, to which we must respond.

With this information in mind, let me briefly outline the future I see for the five areas of responsibility within my ministry.

First, provincial roads: The provincial roads program is the backbone program of the ministry. It encompasses the construction and maintenance of over 21,091 kilometers, or 13,100 miles, of the provincial highway system.

We see no technological changes on the horizon which suggest that a high standard, year-round highway system will not be needed in the foreseeable future. The reliance on the truck, automobile and buses for goods and personal transportation is expected to be with us for a great many years into the future.

We must maintain a modern inter-city highway network to meet our needs. The challenge will be to plan with a 10-year lead time and to determine priorities in periods of capital, energy and economic uncertainties. We do see more use being made of electronic technology for traffic management to improve the capacity and utilization of existing facilities.

In summary, we see the provincial roads continuing with a very full plate of required work and a number of major projects needing to be initiated.

The second major program is our municipal program. The municipal program is largely focused on funding mechanisms to assist municipalities to provide streets and transit services. This program, which has grown to encompass about half our budget, has stabilized somewhat. However, the municipal program will have to cope with continued pressures to both improve transit services and expand major arterial roads.

Expenditures on subway construction likely will come to an end during the next five years, but continued investment in transit will be required to maintain a balanced transportation system, with improved choice of system or service for the user.

I expect efforts will be intensified to encourage people out of cars and into transit facilities, especially as the energy problem becomes more serious.

Plans will also be drawn during the next five years for the introduction of new technology being developed by the Urban Transportation Development Corporation.

Provincial public transportation: The provincial public transportation program encompasses a full range of policies related to all forms of inter-city transportation of goods and people within Ontario, whether under the direct control of this ministry, the government of Ontario generally, the federal government or the private sector.

I feel there are opportunities to develop greater efficiency in the transportation of goods and people in Ontario. We are further developing positions about the provincial interests to be served by more explicit public transportation policies. During the next five years, provincial public transportation has the potential to become a more effective participant generally in the government's economic development policies.

Transportation regulation: The transportation regulation program encompasses safety and regulation which includes commercial carrier, both trucking and bus, activities.

In the area of transportation regulation, we will continue the ministry's strong efforts to improve safety on provincial transportation systems. In addition, our transportation regulation program will also have to carefully examine its ability to stimulate economic growth of the province.

I believe its focus could shift more to the encouragement of commerce than in structuring the movement of goods through regulation. The recommendations of the select committees on the Highway Transportation of Goods, Highway Safety and Company Law have already contributed a good deal to the direction this program will take. Our current legislative program can be seen as a first step in this new direction.

Communications: The communications program focuses upon the interests of Ontario's residents by developing policy responses to major issues in the field. The Communications Division represents the province before the CRTC, assessing impacts of communications developments on the people and the

business community and seeking practical solutions to service disparities.

Under this program, the independent telephone industry in Ontario is regulated by the Ontario Telephone Service Commission and technical support is provided to the independent industry.

The communications sector in Ontario has more potential to grow and develop than most programs administered by the ministry. At present, the province has a limited scope of activity and jurisdiction. It appears to be on the threshold of success in negotiating a more substantial jurisdiction role for the government of Ontario.

Any restructuring of confederation could also shift responsibilities from Ottawa to this area of the ministry. In addition, the ministry is playing an increasingly larger role in achieving improved communications services to the public throughout Ontario.

During the next five years, it is anticipated that the Ministry of Transportation and Communications will be asked to take on increased responsibilities in connection with cable and pay-TV. Our role related to the telecommunications common carriers will be clarified. I expect that Ontario communications legislation will be introduced. I expect we will also play a large role in ensuring the adequacy and general availability of communications services throughout the province, as well as the integration of communications and transportation planning and technology.

Resources: These few comments have reflected on the five major programs of the ministry—provincial roads, municipal transportation, provincial public transportation, transportation regulation and communications. In administering the ministry, we also consider a sixth area, dealing with the planning of the resources which the ministry uses to deliver these programs.

The resources planning area is concerned with the acquisition, development and utilization of the financial, human, technological and physical resources of the ministry. This includes human resource planning, management effectiveness, organizational structure and research.

Looking forward over the next five years, we see the resources planning area as being the key to our success as an organization. Unless we harness our capabilities in an enlightened and innovative manner, we cannot accomplish all that we are setting out to do; especially in light of the severe constraints on dollars and people.

Thus, we have strategic guidelines. Having

considered our view of the status of the ministry and its prospects for the immediate future, a series of strategic guidelines for the ministry were produced last spring.

I wish to emphasize that the guidelines dealt with the desired changes and new directions which we want to pursue during the next five years. They provide a strong foundation for our multi-year planning activities.

[8:30]

In developing the guidelines, we came to the conclusion that there was a single theme objective for our ministry's activities during the next five years. It is that:

Faced with the increasing demands we must do more with less while maintaining our flexibility to cope with our new challenges.

Based on government policy statements, we anticipate that during the next five years we will be asked to accept more responsibility, to do more of what we have been doing, but with fewer real resources available to us. We will have to increase, rather than decrease, the range of options available to do our job. At the same time, we will have to achieve some elbow room in the ministry's capacity to respond to unexpected demands.

This theme of doing more with less, while maintaining flexibility, is now being reflected in all ministry plans and programs, whether those plans or programs be focused on society in general, transportation and communications in particular, or the management of the ministry itself.

The theme objective is expressed more specifically in the overall objectives we established in the ministry.

What are the ministry objectives? First, the implementation of and support of government policies is the first objective of the ministry. Therefore, we have begun to take steps to contribute more to provincial objectives in the areas of: strengthening Ontario's economy and facilitating trade; promoting national unity and Ontario's role in Canada; supporting simpler government, more openness and accountability; conserving energy; enhancing regional development and privatization.

It will take time to translate these objectives into specific actions but we have made a strong beginning.

Secondly, it is the ministry's objective to increase the contribution made by transportation and communications to the well-being of people in Ontario and Canada. Here we wish to increase the overall effectiveness of Ontario's transportation and communication systems.

In support of our overall theme of doing more with less, we want the system to be made increasingly safe and convenient for every resident and sufficiently flexible to accommodate changing conditions and the demands of the future.

Our third objective is to hold costs constant. The ministry's objective over the five-year period is to hold constant the aggregate costs to society of transportation and communications services over which the ministry has control.

If we are to accomplish this, we will have to hold the line on internal ministry costs. This amounts to producing more services with less resources. I would add, however, that the burden of inflation will make this a very difficult objective to meet. Nevertheless, we are making every effort count to achieve this objective and have a number of initiatives under way to improve our internal management systems.

Our fourth objective is to become a strong, lean, responsive organization with innovative, highly-motivated, results-oriented managers. While this objective largely speaks for itself, the demands of the next five years will require our managers to be much more skillful in the use of our limited resources than has been necessary in the past.

We will need sophisticated, modern management techniques and tools if we are to meet our objectives, and we are determined to achieve this change. We have an excellent staff in the ministry that has skills and competency to do its job, but we see that we will have to be able to do much more with the limited resources in the years ahead.

To a substantial degree, we have been able to use our guidelines to establish the basis for our multi-year plan. We have striven to hold our overhead costs constant so that we can concentrate maximum resources on program delivery. As a result, our overall budget requirements for 1978-79 will be close to the total for the current year which we will be discussing here shortly. In fact, when the effect of inflation is discounted, we are proposing a budget little changed in total value, but with greater spending impact on program delivery than the current year. That we have been able to achieve this is a good payoff from our first efforts in strategic planning.

It is not a case of business as usual, it is a case of better business from our scarce resources, of doing more with less, in trying to obtain more flexibility to undertake new and needed initiatives.

As I have said, the Ministry of Transportation and Communications has five major categories. The multi-year plan for the next five years (1978-82) has been developed on the

basis of these program areas. This is the first time we have been able to do this, with a fairly complete allocation by program area of all costs incurred within the ministry. This contrasts with previous budgeting procedures wherein the allocation of funds was done on the basis of the organizational structure of the ministry.

We believe this is a much better approach and gives a much clearer picture of the full cost of each program area. However, as you are aware, the estimates we shall be considering here in committee were not prepared on this basis. Therefore, we will not be discussing the estimates on the basis of programs, instead we will be discussing them on the basis of the legislative appropriations.

I must also point out that during the 1977-78 fiscal year which we have before us, a number of major changes were made in the ministry which affects the year-to-year figure. We implemented our new regional organizations and we consolidated our program delivery activities in highway construction and maintenance through the five regions. Many activities formerly undertaken by head office units were decentralized to the regional organizations. Other activities in head office were consolidated. This has the effect of making difficult some direct comparisons in the figures before us.

I can tell the committee that the result of our regionalization has been to reduce the overall cost of and number of people involved in the delivery of our highway construction and maintenance activities. This, along with other efforts to streamline the ministry—and despite the re-allocation of complement to permanent activities formerly filled by temporary people—reduced the total complement between 1976-77 and 1977-78 by more than 400. Our current complement for the ministry is 11,069.

With those few comments, Mr. Chairman, I hope I have been able to give the committee a better understanding of how we see ourselves and the challenges we see before us. To further that understanding, I have available for the committee, if they wish to have them, copies of these remarks.

I would now turn to the matter at hand, the consideration of the estimates for the fiscal year 1977-78.

Mr. Vice-Chairman: On behalf of the committee, I would like to thank the minister for his statement.

Do the critics wish to make statements at this time?

Mr. Cunningham: I also thank the minister for his statement. I must say that this is the

first occasion in the course of three estimates that I've heard such a clear enunciation of ministry policy. For some time I thought this ministry, albeit as a ministry involved in tremendous expenditures, was operating in some form of vacuum without a policy. There's some clarity to the statement given here today.

To say this ministry is an enormous one is an understatement in itself. This is a ministry I regard as integral as any to the development and continued well-being of this province. To that end, I am pleased to see some consideration given to some long-term planning within this particular ministry.

I'm concerned, Mr. Minister, about the decision-making process and the lack of clarity as it relates to the actual realization of some of the things you've talked about.

Mention was made, for instance, of energy, which you regard as an integral goal of your ministry, and one that I would have to agree with. Yet in terms of actual substantive results in ministry direction to encourage energy savings, I see very little. I must say that while I'm sure somewhere back in the rooms along the hallways in Downsview there are people discussing this and contemplating it and working out some plans, I believe that now is the time to bring in some solid and effective energy saving programs.

I'd like to deal with this in greater detail on the specific votes. I would say, in general, that it would be my hope that some real incentives would be given to the development and encouragement of the technology that exists, particularly in the trucking industry. I'm talking now about sales tax incentives, more effective seminars, effective communications, advertising programs to help us in what I know will be a crisis in the next 10 years if we don't address ourselves to it now.

I'm pleased to hear some discussion about roads and vehicles in the context of the commuter—and I know, Mr. Minister, you will appreciate this if you came in along the Queen Elizabeth highway this morning. To tell you the truth, I was thinking about you as I came in.

Hon. Mr. Snow: I came in on Highway 401 this morning.

Mr. Cunningham: Did you? Maybe that's the way I should have gone; however, it would be impractical to go that far out of my way, given my dedication to saving energy, there's no point in going out of my way. But I don't mind saying as an aside, I don't think about you very often.

Hon. Mr. Snow: That's obvious.

Mr. Cunningham: I don't think you think about me very often.

Hon. Mr. Snow: Not on weekends.

Mr. Cunningham: Notwithstanding, the fact that I do have great affection for you as a fellow member of this Legislature, I would say, Mr. Minister, that while I was poking along on the Queen Elizabeth highway at somewhere between nine and 11 miles per hour, I couldn't help but think—

Mr. Wildman: You were conserving energy, anyway.

Mr. Cunningham: I certainly was. I was about to say I couldn't help but think what a tremendous waste,, not only of energy but—I was going to say manpower, but make it people power—people power tied up there in traffic. It just is unfortunate. I would have taken the GO train, sir, but I had so much stuff to bring with me. I had six cases of material for these estimates.

Mr. Epp: Would they be Carlings or Labatts?

Mr. Cunningham: That's the only way we can get some of our committee members here.

I must say that the roads were in terrible shape. I would have hoped that something could have been done to salt them earlier.

Hon. Mr. Snow: When did you come in, Mr. Cunningham? It must have been after lunch.

Mr. Cunningham: I came in at 9:30 in the morning. I have to get up early, you see. I don't have all the staff you have to help you with your estimates.

Hon. Mr. Snow: I came in at 7 a.m.

Mr. Cunningham: I would have been here earlier, but I had a meeting.

Hon. Mr. Snow: The roads were perfectly dry. I came downtown from Downsview at 11:00 and they were perfectly dry.

Mr. Cunningham: They were terrible, just terrible; it took two hours.

Hon. Mr. Snow: They were terrible at 1:00.

Mr. Cunningham: It took two hours. I can't blame the weather on you people, otherwise I would.

Hon. Mr. Snow: No, that's a federal responsibility.

Mr. Cunningham: I thought it was a regional responsibility.

Hon. Mr. Snow: No, no; the federal government runs the weather bureau. Not very well, mind you, but they run it.

Mr. Cunningham: What I would concern

myself with is our whole commuter program. From my perspective, not enough is being done on that. I'm going to get into that in greater detail during the course of our discussions on the UTDC and TATO.

You talk about management by objective, and I am delighted to hear that. But in that context, I want to ask you, as a matter of policy, what your attitude is with regard to select committee reports. I say that not out of a conflict of interest insofar as I was a member of a select committee and I am currently a member of a select committee, and during that process I came to appreciate the views and opinions of my fellow members much more; and I also came to appreciate that the process in itself can draw from outside the province greatly needed expertise. I would hope you people would not be in the position where you would hire that expertise, but we certainly could borrow it from time to time.

The expertise that these committees avail themselves of is extraordinary. I say that with authority, having watched in a very minor way the deliberations of the committee on highway safety and, in a major way, I hope, served on the select committee on the highway transportation of goods. Mr. Minister, I would say to you that I believe there is a basis there—if you would consider the effective and rapid implementation of those reports—for some of the most safe highways in North America. On the subject of the highway transportation of goods, if that particular report were implemented, I would be bold enough to say that you might be recognized as transportation's man of the year.

Hon. Mr. Snow: I'll look forward to it.

Mr. Ruston: Didn't Davis get that one year?

Mr. Cunningham: In 1974—for what that's worth.

Mr. Ruston: He had to give it back two years later.

Mr. Epp: Is that because he drove his chauffeur around?

Mr. Cunningham: But quite seriously, those were excellent reports; not only excellent reports, they're expensive reports. There's nothing cheap about hiring guys like Ed Philip and me for a day.

Mr. Philip: It cost a lot more before I was elected.

[8:45]

Mr. Cunningham: Quite seriously, I believe there are a number of very good recommendations in those reports that could be

implemented if you had the will to do so, sir.

Somehow, I sense some degree of hesitation in implementing things that are fairly simple. For instance, when I heard about the inter-lining of "C" licenses very quickly after the tabling of our final report, I thought, "My gosh, we are on the right track here. Here we go. We are going to see some quick implementation of our particular report."

Short of some announcements about reciprocity in some of the states—and these arrangements are somewhat distant, because we have to go through states with which we do not have reciprocity—and a partial moratorium on our licenses, long after the need for it although the need does continue, I haven't heard a great deal. Those are things I would like to discuss sometime during the course of these estimates so that I might be appraised of at least your approach to it. It's not because my name is on one of those reports, but because I happened to have heard some expert opinion and I value the opinions of my fellow members that I think that their findings point the way ahead for us.

I would like to speak briefly and in a general context about your municipal program and the funding to assist municipalities. I recognize that half of your budget is directed to that end. I also recognize that it is, I think, a long-term intention to turn over the responsibility for the municipal program directly to the municipalities. While I commend that thesis of decentralization, I am—and I suppose it would be an understatement—disturbed that the dollars are not coming with it.

I will give you an analogy. We have been talking about Highway 97 in my constituency which runs from Freelon into Cambridge. After the bridge on the way into Cambridge, it becomes a regional road. The quality of that road is not too bad. But between my riding—and I don't want to think it is for political reasons—the nature of the highway is awful; I mean absolutely awful.

I look through and I see that you have appropriated some \$2 million for it—I haven't seen anything; and some \$300,000 for repair work—I haven't seen anything there either. Don't think it is because I haven't been through there, because I have. I am just not particularly impressed with the speed with which that particular highway has progressed. Now it is not my function as the Liberal critic to come in and talk about one

particular highway. But in a microcosmic sense, that is a problem.

Hon. Mr. Snow: Are you talking about a municipal program?

Mr. Cunningham: No, I am talking about a provincial highway—Highway 97.

Hon. Mr. Snow: We were on a municipal program a moment ago. Now you are on a provincial program.

Mr. Cunningham: No, I realize that it is your intention to turn that over to the municipalities, and that is the thesis of my remark, that my municipality, the region of Hamilton-Wentworth, is for a number of reasons reluctant to take that road over until they get it in somewhat better repair. I can't blame them, the road is awful. We are at somewhat of an impasse.

Hon. Mr. Snow: We always gold-plate them before we turn them over, in every case.

Mr. Cunningham: Not this one. Gold-plate? People have been asking for improvements on that for 25 years.

I would like some guidance from you or your officials to find out just what particular program we could talk about with regard to communications. I'm not thinking of your telephone set-up, but communications in terms of advertising to effect encouragement of your GO system and car pools. Two weeks ago we passed legislation to amend the Public Vehicles Act which would permit car pooling. I think it is a great idea, I must say. We have, in the city of Toronto, some parking lots that, I believe, take only cars that have commuters in them, I think three or more. I think that that is a good idea. It is a well-intentioned incentive.

Mr. Philips: It has been successful in the states.

Mr. Cunningham: Yes, successful in other jurisdictions. But here I don't think people realize what benefits there are for them, and it is an area where in the long term we can save a lot of money and energy. Further, we can get a lot of people off the highway, which is an admirable goal.

I recall your statement—and I must say I share your concern—with regard to the cop-out by the federal government on funding for public transit. I am truly disturbed, as you were. You were somewhat annoyed, I think you had something like 12 pages or whatever. I am concerned too. I would just hope that somewhere within your ministry you would find the resources. I believe there was a commitment made and it was before

or during the course of a campaign that you had, I believe \$180 million set aside if the federal government would match the grant.

Hon. Mr. Snow: I don't know where you got that figure.

Mr. Cunningham: Well you know strange figures come out during elections, but maybe it wasn't during an election.

Hon. Mr. Snow: No figures came out during the election that I know of.

Mr. Cunningham: Well how much did you commit?

Hon. Mr. Snow: For what?

Mr. Cunningham: For transit, for GO stations or GO Transit or whatever; to be used along with funds from the federal government for urban transit?

Hon. Mr. Snow: There was never any commitment by the federal government. I believe there were promises, but never a commitment.

Mr. Cunningham: Were there promises in 1974?

Hon. Mr. Snow: I believe the main ones were in 1974, yes.

Mr. Cunningham: And they have since reneged?

Hon. Mr. Snow: One of the things they were going to pay for was the new bi-level cars for GO Transit; of which we took delivery of the first two in Toronto this morning, at a cost of \$40 million with no federal contribution. We have a firm commitment to the provincial and municipal transit systems which amounts to a lot of money which we will get to in the votes.

Mr. Cunningham: I am sure we will.

I am just wondering, in what light, the federal government committed itself to pay half of the cost of that program.

Hon. Mr. Snow: First of all, they were going to pay, I think, 100 per cent of new rolling stock for commuter services. On that basis it was anticipated they would pay. Mr. Marchand told Mr. Rhodes, and they were the two ministers at that time, federal and provincial. The Prime Minister had said they were going to pay, but they have since decided they will not do that. They were going to pay 25 per cent of new buses for transit systems, they were going to pay 50 per cent of station costs; but that's all history. We now know there is no federal contribution to transit.

Mr. Cunningham: What was the nature of those agreements?

Hon. Mr. Snow: They were announcements. There was never any agreement.

Mr. Cunningham: Would you not think it would be appropriate to try to confirm those by way of a written agreement?

Hon. Mr. Snow: We did. We have been trying for years. The only written agreement we got, finally, was the letter a few weeks ago saying there would be no money; or rather that it was all part of this urban transit program from which we would get \$16.5 million per year, which is less than we are getting for grade separations alone right now.

Regardless of that, we are going ahead with our commitment to both municipal transit and provincial transit.

Mr. Cunningham: And there has been no reduction in your intention to expend those moneys.

Hon. Mr. Snow: No.

Mr. Cunningham: Notwithstanding the fact that the federal government hasn't come through.

Hon. Mr. Snow: No. We announced in the House that we would be proceeding. The federal money would have assisted us in proceeding faster, there is no doubt about that, but we will still be proceeding with our plans.

Mr. Cunningham: I was interested in your discussion about this theme, "do more with less." It sounds like a theme for the 1955 election campaign. I was thinking of Les Frost.

You have \$18 million more here in planning, research and development, and I would like to know what that's all about, in a general sense. That seems to be a rather significant increase. Is that primarily related to the UTDC?

Hon. Mr. Snow: That \$18 million is totally UTDC.

Mr. Cunningham: So it's a loan to them?

Hon. Mr. Snow: Yes.

Mr. Cunningham: While I am on the subject, just so I may be able to do a little more research on this, to what end is the UTDC obtaining money from sources other than the Ontario government? I asked you this in the House the other day and you didn't really reply.

Hon. Mr. Snow: I would suggest we discuss it when we get to that vote, but other than certain sales and consulting contracts they have, their main source of revenue is from my ministry.

Mr. Cunningham: Will you be able to table those sales contracts and management contracts for us in advance?

Hon. Mr. Snow: Management contracts?

Mr. Cunningham: Well whatever they make

money from. How do they derive income other than from you?

Hon. Mr. Snow: Apart from this ministry they have certain other contracts. We tabled all that information in answer to questions not so long ago, but we will up-date it, and Mr. Foley will be here at the appointed time next Monday to answer any questions you have on UTDC.

Mr. Cunningham: In terms of your general government policy, I'm wondering what progress is being made in discussions with the province of Quebec, on matters of fuel tax and reciprocal arrangements between our province and the province of Quebec?

Hon. Mr. Snow: First of all, on fuel tax; any discussion on that is being carried out by the Minister of Revenue (Mrs. Scrivener).

Mr. Gilbert, my deputy minister, met two weeks ago with Mr. Morrisette, who is the Deputy Minister of Transportation from the province of Quebec. The Quebec delegation was up here for meetings two weeks ago.

I will be meeting with Mr. Lessard in January. There is not a firm date established yet for that meeting because there is a communications ministers' meeting planned for January as well, and we have to make sure they don't conflict. We had a meeting last September of all the ministers responsible for motor vehicle regulations; in some cases that is the Minister of Transportation and Communications, in other provinces it is the Solicitor General and so on. We had all the ministers here; Mr. Lessard and Mr. Morrisette and their people were here in September. Our staff is very much involved in motor vehicle administration at that level.

Mr. Philip: With Mr. Cunningham's permission, may I ask a supplementary on that? Will there be an opportunity sometime in these estimates for ministry officials responsible for reciprocity negotiations to give us a comprehensive report on the extent of reciprocity negotiations at the moment? What has been signed with whom. What is foreseen in the future. Perhaps that's the kind of thing we may want to spend a half hour or 45 minutes on, but hardly tonight?

Hon. Mr. Snow: Certainly. We'd be glad to discuss that. We have entered into signed agreements with three or four of the states now. I've met with about 20 states at the interstate reciprocity meeting six weeks ago, or two months ago. We had a lot of interest from other states at that time in reciprocity agreements. We've been working on that, but we can do only so much at one time.

Mr. Vice-Chairman: I would just like to suggest to the critics that they hold them-

selves to more or less general statements now and we will question the minister on specifics when we come to those votes.

Mr. Cunningham: I'm just about ready to conclude. The minister mentioned in his statement that he had laid 400 people off, there was an attrition of 400 people within his ministry.

Hon. Mr. Snow: We didn't lay anyone off; we have 400 less now than we had last year.

It was interesting, when MTC was formed in 1971, which was the time the ministry was the old Department of Highways; it and the Department of Transport were put together, and communications, which used to be in Treasury, was put into this ministry as well at that time. I believe there was a staff of about 13,500 in total. That was down to about 12,000 when I became minister, and it is now 11,000. It has all been done through retirements and by people leaving.

Mr. Peterson: In another 11 years you won't have anybody there.

Hon. Mr. Snow: I doubt if we can keep that record up.

Mr. Epp: Don't you feel bad with all those people quitting on you?

Hon. Mr. Snow: They're all retiring on pension, I believe, or most of them. Unfortunately, a few have died. I send a few letters of condolence to widows of some of our people who have unfortunately passed on.

[9:00]

Mr. Cunningham: If we could combine your ministry with Correctional Services, with the incumbent minister, they'd all go.

I looked through last year's public accounts, and I must say that while I didn't compare it to the previous year, there seemed to be an extraordinary number of people who were compensated in excess of \$25,000.

Hon. Mr. Snow: There are a lot.

Mr. Cunningham: There's no question about that. You say you have 11,000 people. That would be comparable to, say Ford in Canada, or Dofasco or Stelco. I want you to know in no way would they have that many people on their executive staff compensated at levels in excess of \$25,000. Many of your people are compensated above \$30,000.

I am concerned for two reasons: One, on behalf of the Ontario taxpayer, that being part of my responsibility here; and two, because that causes, indirectly, extraordinary problems in the private sector. Any time government sets itself up to compensate people in excess of what the private sector

can afford, I think we create some difficult problems.

I can only say that while you have had 400 people leave, I hope some consideration will be given to streamlining administratively, that is the top end.

Hon. Mr. Snow: Perhaps we can come up with some figures for you, but we have had a considerable number of reductions at the top end, at the higher levels. We haven't just let all the Indians go and kept all the chiefs. There is a similar reduction in staff at the senior level; in fact in some cases perhaps more.

Mr. Cunningham: You've got about two and a half pages of people compensated in excess of that amount.

Hon. Mr. Snow: You must remember our ministry has a large number of technical people; professional engineers, for example.

Mr. Cunningham: So do the Ministry of Health and the Attorney General

Hon. Mr. Snow: Ours aren't as highly paid as theirs are.

Mr. Cunningham: I think a lot of people at that level are really well looked after for their endeavours, and I am disturbed by it. With those remarks, I will defer to the NDP critic.

Mr. Philip: Because of my concerns on another committee, I am going to make a somewhat longer statement that will include a number of questions. If I am absent from time to time, I hope when it comes to the appropriate vote the questions can be answered. Mr. Wildman, Mr. Warner and Mr. Young will no doubt be in attendance to cover if I happen to be in the other committee.

I would like to say, first of all, that I found the minister's opening statement somewhat pleasing. He talks about objectives, and that has certainly been a major concern of mine with this ministry. I would also say this minister has always shown himself to be quite co-operative in terms of allowing us to meet with him before bills are introduced, and hopefully later on this evening we will be straightening up Bill 107. It makes it go so much more easily.

Hon. Mr. Snow: We are hoping to do that at 9 tomorrow morning. Will you be available? I couldn't find you this afternoon.

Mr. Philip: No. I have a meeting in my riding at 7 o'clock tomorrow morning.

Hon. Mr. Snow: I tried to find you this afternoon. I found I had a meeting that was cancelled tomorrow morning. I thought rather than try to go into legislation at 10:30 or

11 tonight, maybe we could have an hour together tomorrow morning with my staff.

Mr. Philip: Maybe I will be able to meet with Mr. Warner or Mr. Wildman and they can go through some of the concerns with you at 9 o'clock. Then I'll consult with them.

I think that kind of approach has meant that what amounts to a very technical ministry has been able to get bills through the House with a maximum amount of speed and without a lot of unnecessary quibbling and debate. That kind of approach and attitude by the minister has certainly helped in dealing with the opposition parties. I certainly appreciate his response and the response of his officials.

I would like to start my remarks by highlighting an important section of the final report of the select committee of the Legislature on highway transportation of goods: I refer to part V, chapter 6, page 114, which states: "The availability of transportation service is critical with respect to the location of industry and population within and between cities and regional areas of Ontario. There are several pertinent elements of transportation which break into the following three categories: provision of infrastructure; provision of some service; and provision of particular qualities of service which are required in particular locations and at prices which can be afforded."

Further in the chapter, the committee recommends, in section 6-5:

"1) The government further investigate the cost of living and cost of doing business differentials between regions of the province, including the contribution of transportation service competition on pricing policies to those differentials; 2) the government further examine ways of equalizing the payment of sales tax on transportation services; 3) the government use the information derived from one and two above to determine what policies can be applied to lower transportation costs to the benefit of communities distant from markets; 4) the government undertake an evaluation of Ontario Northland Transportation Commission's role in the north in time that it may be publicly known when hearings are held with regard to the removal of the North Bay restriction."

Those are areas which I think are of interest from the point of view of the connection between the Ministry of Transportation and Communications and the whole concept of planning. We certainly would be interested in knowing the minister's response to those recommendations; where he stands, not only on those recommendations but also

on the whole principle of using transportation as a vehicle of planning.

It seems to me we've never had a clear statement from the ministry as to the position of transportation as a vehicle of planning. I remember Dick Smith, who is no longer a member of this House because of sickness—a very intelligent and bright member of the House—coming away from a meeting with Ontario Northland with the feeling that Ontario Northland didn't exactly know what's its purpose was in the planning process—whether it was simply there to serve transportation needs as they then existed or whether it was used as a vehicle of development.

Perhaps this is why there's so little consideration of the impact of transportation on the development of industry and the character and shape of communities. Perhaps this is why new communities can develop without any form of public transportation as part of the planning process, other than in a technical sense.

When I think of the Don Mills spaghetti road system, I can see how transportation hasn't been part of the whole planning concept. Perhaps this is why new buildings can be constructed without adequate consideration of delivery systems and shipping needs and so forth.

I have to ask the question, how often does the ministry appear before the OMB, not just to deal with the technical aspects of transportation, but rather to deal with the whole problem of the impact of transportation; and the connection between transportation and the planning of a community?

One gets the feeling this is a ministry that doesn't have clear objectives. I'm glad to see that at least under this minister the ministry is starting to move toward some setting of objectives or looking at overall planning.

How, also, can we explain the lack of co-ordination between what this ministry appears to be trying to do and what others in the same government appear to be doing and saying? Let me give you a very concrete example. I always thought this ministry believed in a regulated trucking industry. The select committee on the highway transportation of goods demonstrated that proof of necessity and convenience for entry was a system that was in the best interests of shipper, the consumer to whom the shipper was shipping, and the trucking industry. I'd assume that this was not only a belief of the Ministry of Transportation and Communications—and I realize that the minister has expressed a belief in this principle—but also of this government.

Yet I read here a statement that's just incredible. It's one by the Hon. W. Darcy McKeough, Treasurer of Ontario and MPP for Chatham-Kent, to the German-Canadian Business and Professional Association. It's a recent one, November 3, 1977. Here is what Mr. McKeough says about the kind of trucking industry and the kind of trucking system we have praised and have been in support of—not only we in the sense of the NDP, but also in the sense of the Minister of Transportation and Communications.

I'll read this into the record, because I think it stands as an interesting contrast. I'd certainly like an explanation of where the government stands, whether it accepts McKeough's transportation policies or this minister's policies.

"The Canadian transport industry, for-hire trucking, in 1974 had 42 per cent of the market. Measured by operating revenues, it is the largest mode of freight transport in Canada.

"De-regulation for me does not imply less vigilance in maintaining standards of safety and honesty in the marketplace, but we can roll back mountains of red tape and regulations at all levels of the government, that were designed to and have restricted access to opportunities and discipline of competition. We know more about stabilizing our economies than we did in the thirties, and we need not, and cannot, retain forever many of the emergency measures of that time if we are to grow more productively and spread entrepreneurial opportunities fairly.

"I hope you recognize that we are sincere about turning things around in government, but before I go on I want to say something about profits. No genuine public commitment to an enterprise can be taken seriously without a positive attitude towards profits. There is a vital link between investment and profit on one hand, and economically justifiable job creation on the other."

Hon. Mr. Snow: You wouldn't argue with that statement, would you?

Mr. Philip: No, I certainly wouldn't.

Mr. Wildman: There's a great deal of freedom of expression in the NDP.

Mr. Philip: "Without good levels of retained earnings, expansion will require an increase in the amounts of external borrowing. This process reduces self-reliance, increases cost, increases centralization forces in the economy, retards the expansion of Canadian ownership and favours the large over the small.

"Secondly, profits, not public boards or commissions, provide the most reliable ex-

ternal discipline to assure productivity change. Profitability and productivity are indices of entrepreneurial success. They are the test of the meeting of the demands of the marketplace, and the demands for the efficient distribution of resources within an industry and between other members of society.

"Profits should be free to indicate economic opportunities; indicate bottlenecks; and indicate, by their absence, those kinds of activities that no longer work and which we can no longer afford. Profit, not the brainstorm of government, must reorganize the economy. This is central to everything. It is not a popular approach in some quarters—"Remember, he's talking about the Transport Board and about the whole transport system that we set up.

Mr. Van Horne: Is he talking about raising licence fees 100 per cent in the same statement?

Mr. Philip: I don't know.

"It's not a popular approach in some quarters, but I have no difficulty in saying these things because we can articulate an overall economic strategy which we feel is worthy of the best interest of the community at large."

This, of course, follows his statement, further up on page five, which says, "Of course we are all guilty of this. Let me give you just one example. Our own studies indicate that the trucking industry in Ontario—" and he goes on then to talk about the Transport Board.

So it's the Transport Board, clearly in the context, that he's talking about. I guess if I were in the trucking industry, and I'd invested all this money and obeyed the laws and regulations of the Transport Board, I'd say: "Where are we going here? Where does this government really stand? Have I obeyed all of these laws? Have I appeared before the select committee? Have I supported the select committee recommendations? If so, then, what can we expect? Whose transportation policy are we going to follow?"

I certainly would expect the minister to denounce the Treasurer's remarks as they relate to transportation, because I'm sure that the minister knows better than the Treasurer the nonsense of talking about laissez-faire in the transport industry. It would not only lead to anarchy, but it's a lot of nonsense. There is competition under the Transport Board.

I would very much like to hear the minister go on record as dissociating himself from those remarks. I'm sure he can get a copy of the remarks, because I just read

the full context and the quote into the record. I would very much like to hear the minister at least say that he will take up some kind of educational process with the rest of the cabinet to make sure that his views and the views of the select committee on highway transportation are the influential factor in the cabinet and not the nonsensical remarks on transportation that the Treasurer is guilty of in this statement.

Mr. Cunningham: Or at least say you're going to back McMurtry.

[9:15]

Mr. Philip: Yes, at least say you are going to back McMurtry.

A matter directly related to the implications of a regulated trucking industry is reciprocity. Earlier, as a supplementary question to some things Mr. Cunningham brought up, I asked that we discuss, or have time in these estimates to discuss, reciprocity at some length. Until recently, it was common knowledge that officials of your ministry were lukewarm to reciprocity. They occasionally gave lip service about talking to other jurisdictions, but when you talked to people behind the scenes, they said the policy is really hands off. Then came the select committee report, followed by the letter of the reciprocity committee—from the chairman of the reciprocity committee from Georgia, and Governor Edwards of South Carolina.

Hon. Mr. Snow: Great man.

Mr. Philip: This was followed by my releasing all of that information to the press. Then we had all these reports about reciprocity being negotiated.

The problem now arises as to exactly what type of reciprocity the ministry has negotiated. We hear reports that US trucks are delivering processed farm products to Ontario, products which are exempt from regulations under the ICC, but are not exempt under the PCV Act. We hear reports from one carrier of fruits and vegetables who didn't bother to renew his PCV licence during the last quarter and was never asked for it. Is there a move by the ministry to broaden the exemptions? If so, let's have it stated clearly so that everyone knows what the rules of the game are.

I would like to read into the record a letter from a carrier, Zavitz Brothers, because I think it poses many of the questions I would have to ask and am getting from other carriers of agricultural products. There's the letter to Mr. Haggerty, with carbon copies to the Hon. James Snow, the hon. Eric Cunningham and the hon. Ed

Philip; I'm sure that being known by all of these honourable people it is public knowledge.

"Ontario trucking companies are regulated by the Public Commercial Vehicle Act and/or the Motor Vehicle Transport Act. The authority granted under these Acts controls who is allowed to move goods within the province of Ontario, and to and from other provinces and the United States. The function and worth of this authority has been extensively scrutinized by the select committee of the Legislature on highway transportation of goods. In their final report, entitled Public Policy Direction for the Highway Transportation of Goods, they fully endorse the present system of regulation.

"In a news release from the Ministry of Transportation and Communications, dated August 15, 1977, the Hon. Mr. Snow announced plans to negotiate 'mirror reciprocity' with certain American states on commercial licence plates. This is widely acceptable as it saves money for all the carriers.

"The United States has an Inter-state Commerce Commission which parallels our PCV and MVT. The pertinent difference is that the ICC does not regulate the transportation of fruits and vegetables within the United States while the PCV Act regulates these movements within Ontario, and the MVT Act regulates these movements into and out of Ontario. Our PCV and MVT requirements are existing for valid reasons, as endorsed by the above mentioned select committee report.

"During a recent visit to the state of Florida, the Hon. Mr. Snow indicated that he would relax Ontario's current definitions of farm movements to enable American carriers from certain southern states to bring fruits and vegetables into Ontario without any PCV or MVT authority. The following is a list of our objections to this situation, in order of increasing importance:

"1. The Hon. Mr. Snow is proposing to relax our PCV and MVT requirements for American carriers while in no way are the Americans proposing to relax any ICC requirements for Ontario carriers.

"2. Ontario would be leaving itself open for pressures from all American carriers to allow them into Ontario without PCV and MVT authority." Although this does not seem to be the intention of the Hon. Mr. Snow, it is obvious that this pressure would arise.

"3. Carriers without PCV and MVT authority presently have a very efficient, stable and viable network of handling the flow of goods from the southern United States and Ontario.

Allowing the American carriers to come into Ontario without the required authority will lead to a total disruption of this network for the following reasons:

"(a) Carriers with PCV and MVT authority currently file their rate structure to be published and made available to the users of their services. The American carrier would be in a position to cut these rates if and when it suits him, whereas the Ontario carrier cannot do so on short notice.

"(b) Our proximity to the northeastern seaboard of the United States invites Americans to transport goods destined for Ontario from the south as a form of back-haul—which usually is for a reduced rate. Thus as the seasons change, Ontario will be flooded with American carriers at certain times, and then they will be unavailable at other times. Thus a network of authorized carriers has integrated this seasonality into their operations. If the Americans are allowed in, the disruption would be followed by bankruptcies and extremely poor service for Ontario customers.

"(c) A major portion of goods that we are discussing are those destined for Ontario Food Terminal in Toronto. On certain days during the high season, as many as 80 trucks come to the border with loads destined for this terminal. The current system of Ontario carriers delivering these loads from the border is capable of moving these loads to the market as fast as the receivers can handle them. If American trucks are granted permission to go directly to Toronto, the already overcrowded terminal would enter a state of complete chaos. The American drivers would be anxious and willing to pay to get unloaded at times . . ."

It goes on: "(d) The PCV and MVT authority dictates that the Ontario carrier must provide the service. We are obligated to make the movement at our published rate whether we can arrange a back-haul—a profit—or not. No such compulsion would exist for the American carrier."

These are some of the issues that some of the carriers are raising with regard to reciprocity and with regard to the expansion, possibly, of exemptions. I think that certainly, not only Zavitz Brothers but a lot of other carriers, have expressed similar concerns, perhaps not as articulately as Zavitz Brothers has in this particular letter, but nonetheless they have the same concerns. I hope the minister would prepare some kind of statement that he could file with us in response to that letter.

We are told that we have a regulated system; but those who are law-abiding seem to get it in the neck. The actions of the Transport Board over the trucking industry are based not on its applying in a consistent man-

ner the mandate that it has been given, but rather many in the trucking industry see it as an arbitrary, often unpredictable operation of those who took on the role of king and princesses at the Transport Board.

Does anyone honestly believe that some present carriers would ever have pulled off the kind of car carrier service that UPS did without being pulled before the Transport Board and some disciplinary action taken? The fact is, then, that UPS was able to develop that kind of service because it was outside of Transport Board regulation. Capable as many are of developing the system, the fact is that any PCV holder would have been pulled on the carpet if it had tried to do so.

Thus the operator who is working under the PCV licence is often at a disadvantage to the gipsy and those who operate outside the law. As long as we have a Transport Board that does not even have the foresight or insight to publish benchmark cases that we can look forward toward as a thrust or direction of policy, then those who live on the fringes, or outside the law, will always have an advantage.

More particularly, we always have the kind of whispering that goes on throughout the industry about the Transport Board. That was why I was so bold as to suggest to the minister, when he and I appeared on the same platform at the Ontario Trucking Association Convention, that one of the most important decisions he will make as a minister will be the appointment of the next chairman of the Transport Board. The chairman of the Transport Board should, I submit, have a legal background; he should have an understanding of the subtleties of transport law. I would settle for a career civil servant who happens to have had some kind of legal training.

Mr. Warner: Pat Lawlor.

Mr. Philip: Pat Lawlor would fill that, although he has never been a civil servant and he has never been a transport lawyer.

Mr. Cunningham: Roy McMurtry?

Mr. Philip: I am sure that you could find someone in this province; but if you can't, of course, there are certainly civil servants in other provinces who I am sure would be happy to oblige.

Hon. Mr. Snow: Manitoba appointed the defeated Attorney General. He is doing an excellent job, by the way.

Mr. Philip: We would be happy to do whatever we could to defeat the Attorney General and make him the chairman of the Transport Board.

Mr. Cunningham: We defeated the hon. Attorney General once, too, but somehow he

made it back. It was a by-election. Black Thursday, they called it.

Mr. Philip: If I may continue, Mr. Cunningham, with your permission.

The OHTB acts not only without precedent, but also, I submit to you, without direction from the ministry. The best example of this was the manner in which the OHTB dealt with the Greyhound-Gray Coach fiasco. The directions to the Ontario Highway Transport Board were very clear in the Greyhound-Gray Coach review.

Let me just read to you from the Ontario Gazette. It says: "The Ontario Highway Transport Board Act, a Public Notice. In the matter of Gray Coach Lines Limited, Greyhound Lines of Canada Limited, Eastern Canadian Greyhound Lines Limited, and Stock Brothers Bus Lines Limited, the Ontario Highway Transport Board, pursuant to section 17 RSO 1970, chapter 316, of the Ontario Highway Transport Board Act, will review certificates issued on or about the 22nd day of November, 1976, in respect to the following:

"Any impact on bus service to various municipalities that could result from the Ontario Highway Transport Board decision to allow the operation of Greyhound-Gray Coach Lines and Stock Brothers on exclusive Gray Coach Bus routes; and if there is evidence of the necessary reduction in service by Gray Coach Lines Limited, what alternatives are available; and further, to review the effects on the financial viability of the general operations of Gray Coach Lines Limited." Then it goes on to say when it will hear that.

That seems to me fairly clear. The order in council asked the OHTB to answer two questions: "What's the financial impact on Gray Coach of the original decision?" And: "What's the impact on the communities if that decision stands?" So why do we have this long, thick book of gobbledegook, then, that has very little relevance to the original two questions on which the Transport Board was asked to pass judgement?

In fact, if I were the minister, I would have said to Mr. Shoniker: "Look, I asked you two very specific things. I didn't ask you for a book to review and exonerate your original decision. What I asked for were answers to two questions; you go back there and answer those questions. If you don't do it, I'll appoint somebody who will do it."

It seems to me that the OHTB is out of control. It fritters its time away sitting in on unopposed applications for transfers of shares, on name changes, and it does little in terms of facilitating and monitoring the kinds of

things it should be doing, and could be doing in a constructive way in the industry.

One of the greatest problems is not only that we don't have any kind of constructive decision-making coming from this Transport Board, we don't have any proper enforcement. There is nothing so discouraging for a carrier in this province as to stay within the law, to obey all of the regulations, or as many as possible, and to try to be competitive under those systems, and then to see another fellow who is flagrantly violating get away with it.

Let me just give you an example. I have newspaper clippings concerning one Mr. Quinn, with whom I am sure the minister is familiar. I don't want to do a burlesque show on all this, although it is funny as hell if you wanted to go through all of it; I'll just read you some of the headlines: *Globe and Mail*, April 25, 1975: "The disclosure that Quinn Enterprise, a Welland firm, owed \$200,000 in back taxes prompted the committee's request." The committee's request was a probe into the whole fuel tax situation. From the *Globe and Mail*, April 21, 1975: "A Troubled Trucker Finds a Friend." Of course, the friend is Ellis Morningstar, who plays the piano well in the chorus of *Let Me Call You Sweetheart*. [9:30]

Hon. Mr. Snow: I didn't know he plays the piano, but he sings that tune very well.

Mr. Philip: All right; Marion Willman was at the piano, Ellis was just singing. The story says: "Thomas Edward Quinn is a St. Catharines area business executive. He owns a trucking company which is also in financial trouble"—to say the least—"and is before the courts on more than 50 charges under the Highway Transport Act." But you see he has a friend and good old Ellis is in there playing the piano for him and backing him up.

From the *Niagara Falls Review*, April 21, 1975: "Huge Debts Pile Up against Quinn Truck Operation in Unpaid Fuel Tax Bill." I recognize that the fuel tax is not the minister's responsibility, but it is the responsibility of the government. Then we go on and on and on. There is a beautiful picture of Quinn and headlines in the *Globe and Mail* of April 21, 1975: "Welland MPP helps keep two financially-plagued Quinn truck enterprises in business." It shows good old Thomas Edward Quinn in one of his big trucks, and it says: "It is Ellis who has kept me in business."

Justice moves slowly in Ontario under the Conservative government, but surely in this province eventually you'd expect that it catches up with Mr. Quinn. Quinn eventually loses his licence, and you think, "So

much for Quinn. We finally got him." Wrong.

I have here a letter, of May 20, to Mr. T. E. Quinn, signed by the Hon. James Snow. I can read the letter to you because the minister can easily follow it, copies have been sent to countless esquires all over the province. Basically what it says is: Look, Quinn, old boy, everybody thinks you're a bad boy. You've had your case reviewed by countless people and they all say you're not a very nice fellow for the things you're doing, and therefore you had better get out of the business.

You'd think, then, that at least when the minister writes to him on May 20, when he has had this thing dragging on and on for a long time, that this would be the end of Quinn Truck Lines. But not on your life.

Here we have *Traffic World*, which is as you know a professional business publication. This is September 19, 1977, a fairly recent issue, and on the bottom of it we see: "T. E. Quinn Truck Lines, direct service to and from eastern US seaports and Ontario points. Equipment: reefers, flat beds, dry boxes, specialist container traffic. Big enough to serve, small enough to care." It appears the only thing he cares about is getting around the Transport Board regulations and he's still doing it with impunity.

Then we come to more recent ads. We have, on November 23, in the *Welland Evening Tribune* a tiny little ad. It's repeated twice—and I've got a photostat for the minister if he wants it—it says: "Highway tractors, tractor owners, operators required to haul loads from Ontario to east coast of the United States and returns, namely, New York City, New Jersey, Philadelphia, Baltimore. Telephone 688-5472."

I'm one of those guys sneaky enough to have somebody call a number like that just to find out who is behind these things. When you call up—no, you don't find Ellis Morningstar—you find the guy behind this whole operation, who is operating, quite alive and well, is none other than Mr. T. E. Quinn.

This character is still operating. He is making fools of the government. Is it any wonder then, that when any law-abiding carrier sees this kind of thing going on, he says: "Why do I obey the regulations? This guy goes around them. He commits every sin in the book and they never catch up with him."

Surely if we are going to have a regulated trucking industry we need one where the regulations are enforced. I ask the minister to address himself to this question: Why are guys like T. E. Quinn still in business so long after they have been told to give up

their licences? I think the trucking industry and the public have a right to know that.

While we are still on the topic of regulation and the workings of the OHTB, I would ask the minister to respond to the questions I asked him in the House concerning the R licences. My suspicion is—and forgive me for being cynical—that the minister really decided to implement the recommendations of the select committee concerning the freeze on R licences at a time of the year when R licences are down anyway, and that is why I have asked for a comparison between now and a similar six-week period last year.

While he is at it, I would also like to refer him to part VI, page 41, recommendation 7 of the select committee report. It says that the "Ministry of Transportation and Communications minimum rates be extended to cover all dump vehicle movements in respect to ministry construction contracts, including movements which are arranged by a subcontractor, as in the case of a pit operator supplying aggregates to a prime contractor at a price f.o.b. the pit."

My understanding is that the ministry officials, at a meeting on November 21, informed certain people in the dump-truck association and the industry that this recommendation would not be implemented. I would like to know why you insist on forcing regulations on other people but don't seem to want to enforce them when it comes to yourself. There seems to be a certain inconsistency there.

There is also a lot of inconsistency in a number of other things, and I won't delve into this at any great length because I know this is one area Dave Warner wants to cover at some length when we come to the vote. One of the keys to the province's big splash on transit in November of 1972 unveiling of Go Urban was a commitment to pay 50 per cent of the operating losses of municipal transit systems. It was supposedly an open-ended commitment, and the commitment was reinforced in John White's 1974 budget in which the Treasurer made transit grants conditional on keeping fares consistent during the 1974-75 fiscal year.

Shortly after that, the commitment began to fade. The province put considerable pressure on Metro to put up fares in March, 1975; and again in February, 1976. While it is difficult to establish any firm connection between riders and fares, it appears there was a steady expansion during the fixed-fare period of 1969 to 1974 and that the expansion stalled noticeably in 1975 and 1976. In light of the minister's earlier commitment and statements on the commitment to public

transit, to a public people-moving system, I would like to know where he stands on this.

The real issue is the level of provincial support. There is the province's 13.75 per cent in terms of transit; really, I would like to know where the minister gets that figure. Is it an arbitrary figure; is it accidental; or is there some consistency or some specific reason that is picked out? The government refused to increase support in 1977 over 1976 by more than five per cent, and the figure turned out to be 13.75 per cent of the TTC's projected cost.

Thus while the minister in his opening statement says one thing, when you look at the track record of the last year or so you seem to get a different kind of pattern. Perhaps they are compatible, but I would like to hear some rationale for it.

The fares picked up 72.5 per cent of operating costs under this formula, and this compares to Belgium's 28 per cent, France's 27 per cent; and the Netherlands of course pays 100 per cent of the operating deficits and fares cover as little as 20 per cent of the operating costs.

It seems to me kind of ironic that while the people of Toronto need bus shelters, the ministry has all kinds of money to spend on pie in the sky Disneyworld projects. Perhaps I'm being a little harsh in using these words, but I really want to get into the whole problem; and I know Mr. Cunningham does, because that's his favourite project—the UTDC. There are certain rumours about it; I'd like to get them on the record and get some comment from the ministry.

One, is the rumour about metal fatigue. That is metal fatigue in the steerable axles? It seems to me that the chief reason for the steerable axles was noise reduction and speed; if there are, in fact, problems in that, we'd like to know about it.

Secondly, there is the move from linear induction motor to rotary motor. The linear induction motor certainly makes sense in terms of fast acceleration and deceleration. But is there a connection, between that movement from linear induction motor to the rotary motor, and the rumour of car size being increased from 30 to 40 feet? It seems to me that part of the rationale given at that time for the short cars was that the linear induction motor and the length of car were interconnected. If you put all those rumours together—that perhaps the steerable axles are no longer going to be used, or that they are a failure so far; that we're moving from linear induction motors to rotary motors; and that even the car size is being increased—

what have we got? We've spent \$58 million to get an advanced streetcar, which is already available!

Mr. Cunningham: We've re-invented the bus.

Mr. Philip: Yes, so we re-invented the bus or the streetcar; and I wonder where the tax money is being spent.

I know what we badly need in my riding, if we want to increase the use of public transit, is perhaps more bus shelters. It gets very windy up there; maybe if people didn't have to freeze their ears on a day like today then they'd use public transport, instead of stalling their cars and banging them into fence posts and other things like that.

The minister's statements concerning communications are interesting. I had raised these questions with him in the last estimates, and during the select committee, and I was called out of order because I was told that it had nothing to do with the topic under hand, which—

Mr. Wildman: Under-hand?

Mr. Philip: Underhand or overhand.

I wonder if the minister has addressed himself to the constitutional questions involved in this. The minister's opening statement certainly talks about greater responsibility by the province in relation to communication systems. We have before the courts, or just past the courts, the Supreme Court, several cases concerning cable TV, brought on by Manitoba and brought on by Quebec. I'd like to know the minister's reaction to that, because—

Hon. Mr. Snow: Manitoba:

Mr. Philip: Manitoba brought their case to the Supreme Court.

Hon. Mr. Snow: There was Mr. Rogers' case and the Rimouski case. I haven't heard of one in Manitoba. There may have been one there.

Mr. Warner: There were two provinces. One of them was Saskatchewan. One of the western provinces and Quebec went to the Canadian Supreme Court.

Mr. Philip: Did Manitoba not go? Manitoba was talking about going but—

Mr. Warner: I believe it was Saskatchewan.

Mr. Philip: I'm sorry; do you know who the deputy minister was in Manitoba? He was planning on bringing the thing to the Supreme Court. I understand he was killed in a crash, flying his own plane, so that may well have hampered his ambitions in that direction.

Anyway, there were cases before the Supreme Court similar to the cases in the

United States, like that of Texas vs. the federal government. I'd like to explore that, because it seems to be a vital issue, not only in terms of communications but also in terms of the cultural and the educational areas, that the province get control over cable TV.

[9:45]

I think we can all concur with the minister's opening statements. What we're looking for now are some of the specifics. I can see by the time that I'm going to conclude my remarks, but I hope all of these questions will be answered in the debate ahead.

Mr. Vice-Chairman: Would it be the wish of the committee that we proceed with further questions; or would you like the minister to respond to some of these at the moment?

Mr. Wildman: I think the minister should be given an opportunity to respond.

Hon. Mr. Snow: Mr. Chairman, I have a number of notes here that I've scribbled down while listening to Mr. Cunningham and Mr. Philip. I'd like to make some response.

Mr. Cunningham made some comments regarding energy conservation. This is certainly an active area within the ministry. We're doing a considerable amount of work in the energy field as it relates to transportation. About 50 per cent of the petroleum used in the province is used by the transportation industry—automobiles, trucks, aircraft, et cetera.

Mr. Cunningham: Only six per cent is diesel.

Hon. Mr. Snow: We're working with the Ministry of Energy on an energy management program. We're doing research on the use of methanol as a fuel in vehicles. We have changed over a great many of our own vehicles—such as our heavy snow plough trucks and so on—to diesel units. This is saving us a lot of fuel and certainly we're encouraging the use of diesel wherever possible.

We're looking at energy conservation in our review of the select committee report on transportation regulations. We're also looking at energy in the design of our highways, to make sure that the design has energy conservation in mind, as well as other priorities.

For the foreseeable future, I think petroleum is still going to be the main fuel—one type or another of petroleum—for transportation, although certain work has been done on how we might electrify the GO

Transit lines and use electrical locomotives instead of diesel.

I don't think it's practical—at least, it would be very expensive—to electrify long distance lines—the Toronto to Montreal CNR or something like that. But for our GO Transit lines we foresee this as a possible next stage of development. We have no set time to implement it but sometime in the future we see the possibility of electrified rail lines. Many of the European countries have now totally electrified their railroads. They are working very well.

Mr. Mancini: What would be the savings to do that?

Hon. Mr. Snow: That would be quite an expenditure—the capital expenditure would be quite large—but we would be using electricity that can be generated within the province of Ontario, whether by hydro-electric power or by nuclear power or whatever, rather than imported oil. I don't know whether we have had any estimates—

Mr. Gilbert: We have had a ballpark figure which I can't—

Hon. Mr. Snow: I can't recall right now. We have a major five-year capital expansion program for GO Transit, but in that period of time we haven't considered electrification. With the new streetcars that have been developed by UTDC—Mr. Foley will be giving you more details when he gets here—it's anticipated there will be 30 per cent less electricity used to power that car than the present Toronto street car. In the design of the new intermediate capacity transit system, electric power is used.

Mr. Cunningham also wanted to discuss the commuter program, the goals of GO Transit. He mentioned the federal withdrawal from transit. This was disappointing to us, mainly because of the period of time that went by. One of the first things I did when I became minister over two years ago was to meet with Mr. Lang—who had just taken over the federal Transport ministry—to discuss their commitment to assist in funding urban transit.

We all know the story there. It took two years and I don't know how many meetings before the program was announced in writing. It said it would "not include any funds which we can allocate to transit." As far as I'm concerned, a "no" answer is better than no answer at all. We are proceeding with our own plans for the expansion of the GO Transit system. Within a few weeks we will be able to have a schedule worked out that we can handle within our own budgetary

limitations that will implement all our announced programs.

Mr. Cunningham: I'm glad to see you're going to extend the train to Burlington. That usually means we're having an election, and it's too cold for an election.

Hon. Mr. Snow: I didn't say anything about elections, Mr. Cunningham.

Mr. Cunningham: No. Usually, when you talk about extending the train to Burlington it means we're having an election.

Mr. Philip: Like the federal Liberals talking about improving the rail lines.

Hon. Mr. Snow: I stated that we would be continuing with our five-year program of extending GO Transit services.

I might mention that the first two tri-decker cars for the Lakeshore line arrived in Toronto over the weekend and will be in display down at Union Station for the next few days. We expect to have 10 cars delivered, by perhaps the middle of January, which will make up the first full unit. We must have 10 cars to do the necessary testing to meet the CTC requirements. These 10 cars will be loaded with ballast to equal weight that they would be fully loaded with passengers and certain testing done with them. I expect the first train will go into passenger service about mid-February, perhaps a little earlier.

We'll be implementing the GO rail service on the Richmond Hill line as soon as enough doubledecker cars are delivered to release the single level cars from the Lakeshore line to have enough equipment to service the Richmond Hill line. That program is going ahead.

We've expanded the bus operation. I think the most recent figures on passengers, for the first nine months of 1977, indicate we've carried 20 per cent more passengers than in the same period in 1976. The number of passengers carried continues to grow every month.

Both members mentioned the select committee reports. I think the two reports were excellent. They've certainly given us a great deal of information, a great number of recommendations which we're working very actively on. We have implemented some of these recommendations already, both in policy matter and in legislation.

Mr. Philip: Who's in charge of implementing it? Can you tell us that?

Hon. Mr. Snow: Mr. Humphries was in charge for the first period; and for the past few months, since Mr. Humphries went back to his old duties, Mr. Bruce Alexander and a number of other ministry staff have been working full-time on it.

Mr. Philip: He's a lawyer, isn't he?

Hon. Mr. Snow: Yes.

Mr. Philip: Good man, from what I hear.

Hon. Mr. Snow: He's working full time heading up a small group of officials within the ministry and working on recommendations of both select committees. I expect to have further announcements of legislation to be introduced—but probably not to be passed—between now and Christmas. It can be made public and discussed and dealt with in the spring.

Mr. Cunningham: We could take a look at it on those cold weekends in the spring.

Hon. Mr. Snow: You'll be able to take copies of it down to the sunny south with you in January and February, review it and come back all ready to pass it in the spring.

Mr. Wildman: I thought they were all coming up north to ski.

Hon. Mr. Snow: I know that perhaps some of the recommendations haven't been implemented as fast as members of the committee would expect, or would have hoped. The trucking committee, of course, reported about the day before the election was called. That kept all of us busy for at least a period of time.

Mr. Cunningham: We had an interim report though. Don't you recall the interim report was only half as thick?

Hon. Mr. Snow: I must say that as far as my time, personally, is concerned, I've been spending over half of my time on nothing but those reports and dealing with matters brought about by those reports. I think you'll be happy to see some of the recommendations going into legislation in the very near future.

Mr. Cunningham: mentioned our municipal programs. I forget what your comments were regarding those at this time. What were your questions on that?

Mr. Cunningham: I'm concerned about the roads that are going to be turned over to the—

Hon. Mr. Snow: Oh yes.

Mr. Cunningham: Turn them over, but turn over some money too.

Hon. Mr. Snow: Every road that is turned over is usually upgraded considerably. We turn it over to the municipality in excellent condition. When that road goes back into the municipal system it becomes part of their needs and their subsidy allocation is adjusted accordingly if they have an extra 10 miles of road or so in the municipal system.

Mr. Cunningham: I referred to Highway 97 in my constituency, just as an example. In 1975-76, it got \$3,871 spent on it for con-

struction. That probably would be the first amount of money that was spent on it in 20 years. It's still far below the standard that I'm sure the people in the region of Hamilton-Wentworth, who are already hard-pressed, would want before they are required to take it over. There is an impasse there, sir, and you know it. Before you turn over a highway or a road on which you have responsibility you should put it in shape; it seems you turn the road over and give them D'Arcy's book entitled *Now You're on Your Own*. I don't think it's fair.

Hon. Mr. Snow: With all due respect, that is not the way it happens; and certainly that's not the opinion I have received. I haven't discussed this particular road, personally, with anyone from Hamilton-Wentworth.

Mr. Cunningham: Discuss it with Mr. Allen; he's aware of it.

Hon. Mr. Snow: Oh, with Fred Allen, the regional director for the central region.

Mr. Cunningham: He's aware of that problem.

Hon. Mr. Snow: I know so many cases involving roads we have turned over, or we've taken roads from municipalities—we're just in the process now, in the county of Oxford—it's the same road, I believe, Highway 97—

Mr. Cunningham: Not in Oxford.

Hon. Mr. Snow: Yes.

Mr. Cunningham: Are you sure?

[10:00]

Hon. Mr. Snow: We have Highway 97, running from the Cambridge area across to Highway 59, which runs from the Stratford area down to Woodstock. Part of that road has already been reverted to the region of Waterloo; part of it is being reverted to the county of Oxford. We are also reverting to the county of Oxford the part of Highway 2 that has been reconstructed. We're taking over county road 6 and putting in a new cloverleaf. We're also taking over Governor's Road between Ingersoll and Woodstock, rebuilding it and bringing it into the provincial system. This is all being done through consultation with the warden and members of council, with the full agreement of those municipal officials.

Mr. Cunningham: What is your intention for the last link from Cambridge to Highway 6.

Hon. Mr. Snow: I'm not totally familiar with that particular section. It's the section of Highway 97 that is in Hamilton-Wentworth, from Highway 6 over to Cambridge.

I'm sorry, Mr. Allen will be here later when we get into the provincial road system. We can talk about that then. I haven't had any discussion with Hamilton concerning that highway.

Our policy is that if we're going to turn a road back we put it into good condition before we do. Unfortunately, the ones we take over from the municipalities in the trade-offs quite often aren't in the condition that we turn them over in.

Mr. Cunningham: They're just trying to get even.

Hon. Mr. Snow: You mentioned advertising and promotion of our GO system. You probably heard me just a moment ago say at what rate the GO Transit system has been expanding. In passengers carried we're up 20 per cent this year over last year. I think TATO A does quite a good job in promoting the use of GO Transit. The new bus services which they've implemented in the last couple of years have grown by leaps and bounds as far as passengers are concerned. They have to keep putting more buses on the routes to carry the passenger load.

Mr. Cunningham: If I could interject at that point; I don't want to destroy your train of thought, but I'm attracted to that whole idea, and I submit to you that that is the way ahead for us. There's a great attraction for people to get on one of those buses. If you could just extend that idea to major shopping plazas in your area, through Mr. Kerr's constituency and on into Hamilton; if those buses were allowed to run in the far left lane of the highway on a regular basis, you would find a great deal of success with a GO bus straight to Toronto. You'd get a lot of people off the highway. You could advertise that.

I commend TATO A for the communication we get as members; it's very interesting, when I get the time to read it all. It's the general public you want to hit, albeit some of us members maybe should be riding it more often. You could hit the public with that idea. The average individual has taken the GO system once or twice, and it's been a sour experience.

A couple of occasions in winter I looked at the roads—maybe as bad as this or worse—and said, "There's just no way I'm going to get there unless I take the GO bus or the train itself." I got down there, it's been late. You're frozen, you stand up in the bus. I gather this has been improved, but there's poor co-ordination between the bus and the train in your constituency. Finally a late

train arrives, with no seats, getting you to Union Station 30 minutes after you wanted to be there.

Hon. Mr. Snow: We are limited in our capacity on the Lakeshore. The service is taxed beyond its capacity on those kinds of days, because so many people who normally drive decide to use the GO train. Unfortunately, with some of the severe winter conditions we had some delays in the trains. Generally, the buses coming through from Hamilton and Burlington meet the trains right on in Oakville. Under extreme weather conditions there are obviously going to be problems.

I don't know of any type of transportation, no matter who runs it or anything else, that will not have delays under some of the weather conditions such as we're having here tonight; or as we had last January 9 and 10 when we had switches frozen and so on. This was beyond our control.

The trains, as you know, are operated by the CNR. When we get the doubledecker cars into operation, we will almost double the passenger-carrying capacity on the Lakeshore. Every piece of equipment we have now is fully utilized. When we have a breakdown we have delays, unfortunately, because we don't have spare equipment. When the 80 new bi-levels are delivered there will be spare equipment for those breakdowns, at least until the Streetsville-Milton line is implemented.

The bus service is expanding. We are building the new bus terminal at the Yorkdale Plaza area to interface with the Spadina subway. The Spadina subway will go into service on January 28. The whole bus terminal had its final approval by North York Council today. The planning committee had approved it and it just had to go through council to get the building permit for the project to proceed. We would have liked to have had that terminal in place by the time the Spadina subway went into operation. Unfortunately, one thing or another delayed it.

They're also building a new bus maintenance garage in North York to maintain the large fleet of buses. These vehicles won't be coming downtown then because a great many of the buses are interfacing with the subway at Finch Avenue station, and will do so at Yorkdale as well.

A number of the buses coming in from the west interface with the subway at York Mills. We think that is a much better way of transporting passengers downtown; using

the subways rather than to continuing to bring buses right into the downtown area.

Mr. Philip: You are talking about express buses from the northwest that would interface with the subway?

Hon. Mr. Snow: As the passenger load is growing, we are able to implement more express buses. When the passenger load was less, to utilize the equipment and run it economically we were having to stop at different places. Now that the passenger load has grown, for instance from the Mississauga area, and I think from the Milton area, they're able to run express buses right through, which makes it a much quicker trip for the commuter.

Mr. Philip: What you're getting now are Kipling Avenue and Islington Avenue buses that are loaded by the time they get around to Rexdale Boulevard or the 401. They still stop at every stop all the way down to the subway line. It makes a heck of a lot more sense to run express buses along 401 and into the subway.

Hon. Mr. Snow: That's the intention as the passenger load grows. Once the bus is full of people, there's not much use stopping for any more, so we're trying to run those at the outer end and then express them in.

Mr. Philips: Along 401 or along Steeles, as the case may be.

Hon. Mr. Snow: Along the major routes right into the Yorkdale station, where they will interface with the Spadina subway. People will come down on the subway. It will eliminate the need for those buses to come into the core of the city at all.

Mr. Philip: Maybe you're going to prevent me from driving my car downtown.

Hon. Mr. Snow: You mentioned the car pool legislation. We got royal assent on the bill recently. We are going to enter into some type of publicity program. We're starting off with our own operation at Downsview as a pilot project to encourage the use of car pools to the Downsview operation. I believe we will be doing that early in the new year.

I don't think that legislation is going to transfer everyone over to using van pools immediately, but it certainly does remove any impediment that was there by way of regulations. There were a few of these vans in operation that were really running bus services and were contrary to OHTB regulations. I didn't think they should be. I thought that was one area of deregulation we could do. As you know, the bill went through with your support. I think that will

help, and we will do everything possible to get that known across the province to people who might use that type of system.

Mr. Philip: Has any close scrutiny been given to some of the American experiments with bus pools, particularly the experiment of having certain lanes on 401 or the QEW or other provincial roads exclusively for the use of buses or car pools?

Hon. Mr. Snow: A year ago we amended legislation to allow municipalities to designate bus lanes.

Mr. Cunningham: Are any of them doing it?

Hon. Mr. Snow: I don't know.

Mr. Gilbert: Metro did. Some have worked and some have not worked.

Mr. Philip: I'm thinking in particular of the Oshawa-Toronto route. That's the kind of area where I understand, and I've only come in once or twice from the cottage along that route at rush hour, there's quite a back-up. Possibly if that were used at that time, then it would encourage a lot of the commuters to go into a pooling system or to use the bus system rather than driving themselves.

Hon. Mr. Snow: Is this 401 you're thinking of?

Mr. Philip: Yes, 401.

Hon. Mr. Snow: A lot of 401 from Oshawa in is still only two lanes.

Mr. Philip: It's expanding. There isn't that much that is still only two lanes. You've only got about five miles of it.

Hon. Mr. Snow: One section was just finished a few weeks ago. There is one more section where the contract for widening is to be called this winter.

Mr. Philip: You're only talking about five or six miles where there are two lanes now.

Hon. Mr. Snow: Perhaps there is something in that neighbourhood or seven or eight at the most, I would say, between Oshawa and Toronto. We have GO trains out as far as Pickering and the buses interface with the trains there. Also we have buses coming in which are now stopping at the Scarborough Civic Centre and which will then be coming on through to the Yorkdale Centre to interface with the Spadina subway. Some of those are express buses for a good deal of the distance. We haven't attempted to have reserved bus lanes on 401, for instance. I'm not so sure they would work there. We'll take a look at it.

Mr. Gilbert: As the minister said, it's been

at capacity, as you know, until the last few years when we started to rebuild it.

Hon. Mr. Snow: And as fast as we get it rebuilt, it's over capacity again.

Mr. Philip: It seems to have worked in the States and it might be worth looking at.

Hon. Mr. Snow: Perhaps when we get into the planning vote there may be some questions we can answer for you on that.

[10:15]

Mr. Cunningham was concerned about the high salary levels of my very excellent staff. They don't tell me they're too high. I do realize when I look at the book that there are a lot of high salaries there too. As I say, in this ministry, we do have a lot of very professional staff, mainly engineers who do qualify for quite high salaries. I don't set the salaries. They meet the classification. The salaries are set by the government in general. I think that answers Eric's questions pretty well.

We can get onto Mr. Philip's now. I think I've commented on the select committee reports. We do accept the reports as excellent reports and in some cases I must say that legislative action has been perhaps delayed by the reports because there were certain things, especially in the highway safety report—in the terms of reference for that report—that I did not want to move on until the committee had reported, even though I felt the committee would make certain recommendations on such things as probationary driver's licences and photos on driver's licences.

They are both matters that I strongly support but did not feel, in all due respect, that we should move on until the committee reported. The committee reported in late October. We are moving and preparing legislation along many of those recommendations.

I agree that transportation as a vehicle of planning—certainly transportation planning—has to go along with all other types of planning in community development. Unfortunately, I see communities that were planned a number of years ago before there was such an emphasis or before many smaller communities—not Toronto, I hope—got very serious about transit. Obviously, transit wasn't considered when the street layouts were designed because the streets were made crooked and winding and there were no through routes. It was designed for the automobile and to stop the automobile from getting up too much speed. Now they're very difficult to service with transit.

We in the ministry work with all municipalities in developing their official plans and try to make sure, as far as our provincial interest is concerned, that transportation corridors are planned in official plans of municipalities.

Sometimes local autonomy wins out over some of the things we think should take place. We like to make our views known to municipalities on transportation matters but they're basically the ones that have to have the responsibility for planning their own system.

Mr. Philip: Has the ministry done any systematic educational work on this in terms of the additional transportation cost just caused by trucks sitting—and, in fact, the whole cost of loading. A lot of people in the transportation industry tell me that a lot of their costs have nothing to do with the truck on the move. It's the kind of buildings being designed, the poor loading facilities the amount of time the vehicle is stationary.

I've read some astounding figures concerning the amount of hours that the average commercial vehicle actually spends in a stationary position. That's all dollars. It also means increased trucks on the road because for every truck that's staying at Joe's warehouse being very slowly loaded, there's another one out servicing other customers to make up for that stationary time.

I'm wondering whether that's a function of the research of the ministry to get into that kind of thing and to work with the municipalities to recognize the cost to society, because any cost to the trucking industry is invariably passed on to the consumer.

Hon. Mr. Snow: I know exactly what the member is referring to and the problems. I think most new industrial buildings certainly do plan to efficiently handle their incoming and outgoing freight with proper loading docks and loading facilities and fork-lift trucks to get these trailers in and out as quickly as possible.

Unfortunately, there are a lot of old buildings in Ontario. One sees tractor-trailers backing in down here at University and York or at Front Street in the morning; they are right across the street and trying to back into a very poor loading area. I know exactly what you mean. It's slow getting in and disrupts traffic, although the loading and unloading may not be as slow as it looks. But I agree that efficient handling of goods on and off the vehicle lets the trucker become more efficient; if one trucker is more efficient than another, then it results in lower rates.

I don't think we can play any role in setting standards in that area but it's something that

really becomes part of overall energy planning, because some trucks are idling when they're getting loaded.

Mr. Philip: I don't want to interrupt the minister's comments but it's directly on that topic. It seems to me—maybe I'm just being naive or oversimple in my thinking—that in buildings where you have a lot of small businesses it might, from an educational point of view, be worthwhile convincing a bunch of businesses that a freight manager would save them money in terms of shipping costs by co-ordinating or combining shipments from several shippers. What you have then is one truck going into that particular building to load up instead of 10 or 15 or 20 or 100 all dealing with different people in the same building. It may well be that buildings of a certain size should be encouraged to have shipping managers, that there should be an educational function to co-ordinate the shipping.

Hon. Mr. Snow: Well, there certainly may be possibilities there. I just don't see my ministry getting involved in co-ordinating people's shipping. I think that private enterprise is able to do that itself. The freight forwarders do that to some degree but not exactly what you're talking about.

Mr. Philip: I wasn't suggesting a ministry official be down there deciding which company you ship with. My suggestion is that there may well be an educational function. Maybe, for want of a better word, the management of the particular building might hire the freight manager. Or a group of businesses in there might be made to see the financial advantage to collectively pooling their resources and having one freight manager to handle the shipment particularly in terms of small packages and so forth.

The payoff to society, in terms of less trucks, and less congestion if that kind of thing were done—particularly for some of the larger buildings—might be worth looking at.

Hon. Mr. Snow: I understand we do have some suggestions along this line that go out from our economics office in the industry and by way of tourism bulletins that go out to small business. But there's such a variety. I know, in my own business, you're shipping small parcels or small shipments in every direction with different carriers.

Mr. Cunningham: Have you tried UPS?

Hon. Mr. Snow: We haven't tried UPS yet, I believe.

Mr. Cunningham: The province uses them to send out their commemorative scrolls. Great little service.

Hon. Mr. Snow: Well, they are licensed by Metropolitan Toronto to do that service in Toronto. Unfortunately we are running out of time and there are many things I would like to comment on in Mr. Philip's remarks. The role of the Ontario Northland is something we are still involved with in an advisory capacity, from the transportation aspect, our planning people, and any help we can give in the Ministry of Northern Affairs. Of course, Ontario Northland now reports to the Minister of Northern Affairs (Mr. Bernier). So you will be considering any discussion on their budget when the Northern Affairs budget comes before this committee, or whatever committee they are coming before.

I covered municipal transportation planning I think in my previous comments.

Regulation of trucking: I am not so sure the Treasurer (Mr. McKeough) and I are as opposed in our thinking as you seem to feel we are. I certainly support the maintenance of a regulated trucking industry in the province of Ontario as the select committee did. I think, though, I would like to see, as the Treasurer would, a considerable amount of the red tape out, especially concerning the difficulties that small carriers, small business people have, in applying for, and getting licences. I would like to see certain actions taken to free up the ease of movement of goods.

Mr. Philip: On that issue, would you support telling the transport board not to have hearings on unopposed—

Hon. Mr. Snow: If you'd just wait a moment, I'm trying to come to these things.

Certainly as far as a total deregulation or anything that drastic is concerned, I am not in favour of it, but I am in favour of cutting down in some degree, the amount of regulation, or cutting out of any unnecessary regulation that may exist.

You mentioned exempt commodities. We are looking at the possibility of whether there are commodities that require licensing now, that maybe shouldn't require licensing. We haven't come to any conclusion on that, but we are looking at the possibility.

With regard to reciprocity, we would like, when we get into that vote, perhaps to give you a list of the other states that I have discussed reciprocity with informally. I don't know where our negotiations are as far as actual signing of agreements with other states on a day-to-day basis, but we will get you an updated report on that.

Regarding the appointment of the chairman of the transport board, when Mr.

Shoniker retires there will have to be a replacement appointed.

Mr. Cunningham: Did you say when or if?

Hon. Mr. Snow: When. But I expect we will have something to tell you on that in the not too distant future.

Mr. Wildman: It won't be Eddie Goodman.

Mr. Cunningham: Eddie Goodman couldn't afford to go.

Mr. Vice-Chairman: If you would just let me interject at this moment, in view of the hour and the weather I don't think we should proceed unless we have the concurrence of the committee.

Hon. Mr. Snow: I am ready to go at any time.

Mr. Vice-Chairman: What would the committee's feeling be—to break it off now or let the minister go?

Mr. Wildman: When is the next session?

Hon. Mr. Snow: Tomorrow night.

Mr. Philip: The OHTB will be here tomorrow night then?

Hon. Mr. Snow: Just one item before we leave. On the matter of policy directives or policy transmission from government to the OHTB under both the PV Act and the PCV Act, this is something that will be included in legislation coming forward. There will be a provision for policy. Certainly I am recommending that we have a provision whereby the government can transmit transportation policy objectives to the board for their guidance in dealing with applications.

Most of the other items I have, I think can better be discussed when we get to the individual votes. So, Mr. Chairman, can we break it right there and go at it again tomorrow night at 8 p.m.?

Mr. Vice-Chairman: If the committee agrees, then we'll declare this meeting adjourned until tomorrow night.

The committee adjourned at 10:30 p.m.

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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Transportation and
Communications



First Session, 31st Parliament

Tuesday, December 6, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, DECEMBER 6, 1977

The committee met at 8:03 p.m.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS (continued)

On vote 2503, safety and regulation program:

Mr. Chairman: Mr. Philip has indicated to me that he is going to be a few minutes late. He had a TV program in which he had to participate tonight and it was going to finish off at about 8 o'clock. He told me to offer to the committee his apologies for being a few minutes late, but indicated that we should start without him.

On that basis, we are dealing with the Ontario Highway Transport Board tonight. I see the chairman back there. Would you like to come up here, Mr. Shoniker and would the members now wish to proceed in the discussion with respect to the Ontario Highway Transport Board. The member for Wentworth North.

Mr. Cunningham: I must say, Mr. Shoniker, it is with some surprise that I received today official notification of your retirement and at the same time, notification that Mr. Bruce Alexander is going to be your successor. I don't know Mr. Alexander but I know he is going to have to possess a great deal of expertise, sensitivity and energy if he is going to follow in your footsteps. I would like to say that from my experience, you have carried yourself very well as chairman of the board and have certainly, as we approach a new era in transportation—if that was the theme of the OTA convention—if, in fact the minister sees fit to implement our select committee report, sir, as it affects licensing. I gather we will be into a new era. It is one in which Mr. Alexander might do well to call on you from time to time for your comments.

I know that, like Joe Goodman, you have read the select committee report, I am sure, several times.

Mr. Shoniker: Yes, I have.

Thank you for your kind remarks.

Mr. McClellan: I am confused, not having had the chance to be here last night, I

don't want to interrupt but could you just tell us where you are and how we come to be dealing with this?

Mr. Cunningham: Maybe the chairman could do that.

Mr. Chairman: I could just explain briefly what the committee decided to do in approaching these estimates. As you know last night we had the minister's leadoff, then we had the response from the two opposition critics. At that meeting it was decided the committee would deal with the four boards or commissions under the jurisdiction of the Ministry of Transportation and Communications, those being the Ontario Highway Transport Board, the Ontario Telephone Services Commission, the Toronto Area Transit Operating Authority, and UDTC.

It was decided the Ontario Transport Board, would be dealt with tonight, the Toronto Area Transit Operating Authority would be dealt with Wednesday afternoon and UDTC would be dealt with Monday next. The Ontario Telephone Services Commission, it was thought, would not take a lot of time, so the committee felt it would be easier to discuss it under the appropriate vote without separating it out.

According to the decision made by the committee last night, we're dealing with the Highway Transport Board tonight. Tomorrow morning we will continue with the minister's response to those leadoff comments and go into the first vote, 2501, and deal with it on the regular basis. Then we'll deal with these other items, as I've indicated, at the appropriate time. That's the way it was sorted out.

Mr. McClellan: Thank you very much, Mr. Chairman.

Mr. Cunningham: I was getting into a discussion about our select committee report. Now that you are six or seven months from the bliss of retirement, possibly you might afford us with your feelings as they relate to recommendations we have made with regard to the rules and operations of the OHTB itself.

Mr. Shoniker: At the moment, I understand the department has a committee set up to investigate and look into recommendations

of the select committee and I don't know how far advanced they are. I have discussed with the committee certain facets of the recommendations made as far as the Ontario Highway Transport Board is concerned, and they are in the study stage at this time. I think, therefore, it would be most inopportune for me to express an opinion before we're ready to do so. Perhaps someone else in the committee is ready to do it, but I still think it would be most inopportune for me to recommend or suggest to you that certain facets of the recommendations are, as I see it, in the public interest.

Mr. Cunningham: For my own edification, at least, I would like to ask you to afford us some direction as to how policy has been conveyed traditionally between yourself, as the chief executive officer of that board, and the government that you serve. How has that been effected?

Mr. Shoniker: From the time I was appointed chairman in 1958, if there was a major issue facing the board, or I thought an issue needed the help of the government of the day, I went to see the respective minister, paid my respects, and told him of the problems with which the board was faced at the time. I asked him if he felt there was anything that I should know in respect to government policy that might help or assist me. On many occasions I sought that help and got it, but I must admit I was never directed how to make a decision over the period of 20 years by any Premier, by any cabinet minister, or by any member of the Legislature—never in 20 years.

I sought their help from time to time, as to what government policy might be expected to be. But with respect, the board has been an independent agency and has made its own decisions.

Mr. Cunningham: Of course, Mr. Shoniker, I appreciate that. I think it's very important that this kind of independence be maintained with regard to the actual decisions on individual cases. But you too, I'm sure, appreciate the importance of reflecting government policy—whatever it may be, or how difficult it may be to discern from time to time.

I recall cases that were before your board with regard to the interlining of C licences—the object of the exercise, of course, being to conserve energy—cases where the counsel for the applicants would in fact quote speeches from the Hon. Darcy W. McKeough, who was, at the time, our first Minister of Energy. He indicated that we were on the verge of fuel shortages and that the saving

of energy was of paramount importance, integral to the government's policy on energy. At the same time decisions were rendered that were not in any way in keeping with that policy.

I'm wondering; were you not in the habit of receiving some memorandum on discussions—not prejudicing any case that would be before you but some direction that this was of utmost importance to the government and that they would hope that your decisions would reflect policy?

Mr. Shoniker: Over the years I had directed—I suppose on a regular basis—memoranda to the minister of the day from time to time and brought to his attention problems that I thought were germane to the general transportation industry. I must say that I always got co-operation and usually action.

As far as the transfer of freight between the C carriers goes, I thought the government acted speedily in dealing with that by permitting the interchange of goods between C carriers. That was adopted and I believe it to be a good thing.

Mr. Cunningham: We've indicated that as a result of the select committee report, and I'm sure, some appreciation within the ministry, that that should take place. May I ask you to what end are C carriers now making application for the privilege of interlining?

Mr. Shoniker: I may have to rely on somebody to help me here, but my understanding is that under the present amendment—and I thought the amendment was passed—the C carriers can transfer freight with any other carrier in the province of Ontario. Right or wrong? I think I'm correct.

That amendment has already been passed by the government and any C carrier can transfer with any other carrier licenced under the Public Commercial Vehicles Act. That amendment goes back as far as July, I think; either July or August. So that has already been taken care of and the government has acted on that recommendation of the select committee.

Mr. Cunningham: If I could move on to an area that's of concern to a lot of us. This concern emanated from discussions around Bill 4, which precipitated the select committee and revolved almost entirely around the issue of licensing. There was great discussion about regulation versus deregulation. There were those who felt that we as a party, because of our opposition to Bill 4, believed that deregulation was the way to go—and I suppose, at the other end, some associated the thoughts of the government

with complete regulation. I think in the time that has transpired that neither of us were right and that a degree, I suppose, of—I was going to say liberalism, but—

Hon. Mr. Snow: That's a bad word.

Mr. Cunningham: That would be a bad word. Leniency is the word, I suppose. With regard to licences a more modernized, flexible, small "I" liberal approach might be in order, but at the same time we accept the regulatory system.

One of the things that became apparent to me as a member of that select committee was that a licence was a privilege and trust. It was of value—no question about. As we see now with the tremendous cases that are before your board—very, very costly exercises to those who apply and to those who respond—that there is a real value to those licences. It was demonstrated to every single member of the committee, that the people who enjoyed this privilege and trust—and 99 per cent of them certainly respected it would in fact borrow on their licence. Their licence was an integral part of the goodwill they enjoyed; an integral part of the value of their companies.

From your testimony before us—I think in this same room—I believe you were of the view that the licences should be a permanent proposition and as long as you respected those privileges your ability to maintain that licence should be respected. Also, you indicated to us that on any occasion that you would rule on the transfer of a licence, that the debts and the obligations, I suppose—the moneys owing et cetera, by a company—be squared up before the transfer of a licence was effective. I am moving this discussion, if I may, to the matter of Western Dispatch, which in my view is a very contentious matter that appeared before your board.

Mr. Shoniker: Yes, it is a very contentious one.

Mr. Cunningham: Was there any government policy directed to you, by way of memorandum, letter or discussion, with regard to the liberalization—again to use that lousy word—of this method of parcel transportation et cetera in the province?

Mr. Shoniker: No, there wasn't. As far as Western Dispatch is concerned, of course, we are dealing with a matter of a transfer and that didn't deal with the overall policy of parcel delivery. It was a question of a transfer and the problem arose as to whether or not we could satisfy the creditors 100 cents on the dollar; that has been a policy of this government as far as the board is concerned, directed, I believe, into Hansard by a former Minister of Transportation and Communica-

tions, the late Leslie Rowntree, in a question of a bankruptcy in the Dalewood case in Hamilton in about 1961.

At this time we had transferred the licence and agreed on a settlement of 47 cents on the dollar to creditors but by the time we got through, the creditors were only paid 27 cents. I went to see Mr. Rowntree at that time and I said it was time we had some policy; he went into the House and enunciated the policy.

Since the time of the bankruptcy of the Dalewood Transport Company, the Ontario Highway Transportation Board has never, to my knowledge, transferred a licence unless the creditors were satisfied 100 cents on the dollar, or unless they had had waivers from the said creditors.

[8:15]

Mr. Cunningham: I am going to move to my concern about the transfer of the licence. I am concerned primarily about the issuance of the licence itself.

Can you recall, notwithstanding UPS and the Greyhound-Gray Coach matter, a case as widely contested as this one?

Mr. Shoniker: One comes to my mind, the Maislin application of 1961 or 1962—I am sorry that I can't remember the exact date—which was an application for the carriage of general commodities between Toronto and Montreal, and I may say that Mr. E. A. Goodman at that time appeared on behalf of Maislin Brothers. The application extended over a period of nine weeks and after consideration of probably two months, the application was denied.

Trans-American comes to my mind, which was another major application before the board, I believe in 1963. It took close to nine weeks and the board found in favour of Trans-American, recommending to the minister of the day that a licence be granted. I must say the licence has never been granted until this day.

Now, those are the two longest cases that I can recall. There have been other cases that have taken a month, but they would be the two longest cases to the best of my knowledge. They were in 1962 and 1963, I believe, my dates might be out a bit.

Mr. Cunningham: The following information was obtained from files and informal conversation with lawyers who from time to time appear before your board and who for a lot of reasons shall remain nameless. In general, these are the conclusions that we get, and you understand my responsibility as an opposition member to see that queries and concerns directed to us in brown envelopes,

or over the phone, or just in general bitching, are in fact followed up.

Mr. Shoniker: Yes, I do, sir.

Mr. McClellan: Which is this?

Mr. Cunningham: This is with regard to this particular case. The applicants were the Frosts, right?

Mr. Shoniker: That's right.

Mr. Cunningham: Joan Frost, Brian Frost and William Frost—people I don't know, although I understand they are well known. In general the industry does not like the Frosts, due to their bad business practices.

Is there any justification, in your view, for a statement of that sort with regard to their previous business practices?

Mr. Shoniker: I don't know of any business practices prior to their applying before the board that would indicate why any allegations should be made against them for bad business practices. I must say after the first year and a half that they were in business, their financial position wasn't too strong and the board was looking at it.

Hon. Mr. Snow: Pardon me, may I ask which case this is?

Mr. Cunningham: This is the Frost case, Western Dispatch and the ultimate transfer to Alltrans.

Hon. Mr. Snow: Okay, the Western Dispatch case.

Mr. Cunningham: There is a very serious concern I want to voice. I gather there was opposition by the industry as a whole, which was illustrated in the first hearing back in 1974 when 26 or 30 respondents appeared against their application. Members of your board agreed that this was an unusually large number of respondents yet the Frost's application was granted.

I wasn't a member here then, but I look back and I see that these were times, as now, when members of the industry, the Purolators and all the rest of these people, were complaining about the lack of business and the need for enforcement. At the same time, I believe, several big companies went out of business, so quite obviously the business wasn't there. Yet for some reason that a number of us can't understand, there was a ruling in favour of the Frosts' application.

Mr. Shoniker: Yes.

Mr. Cunningham: The reasons for filing notices of motion against an applicant include a company is already servicing the route being applied for, or the applicant's services not being financially viable. I be-

lieve that CN, CP, and all the express companies made that case to you through their lawyers. In this case, the Frosts were obviously in financial difficulty. Their balance sheets showed total assets of \$218,067 while their liabilities totalled \$864,442. Their file showed eight pages of creditors for the short time that they were so-called "in business."

Mr. Shoniker: I haven't counted the pages but there are a considerable number of creditors. That I'll agree with.

Mr. Cunningham: They weren't sharp operators, were they, to take a licence like that and run themselves so far into debt so quickly? It's not the way that Jimmy Snow would operate his business.

Hon. Mr. Snow: I hope not.

Mr. Cunningham: Well, it certainly isn't the way to make yourself a millionaire at an early age.

Mr. Shoniker: If I can first answer the question regarding the number of objectors. On the matter of United Parcel Service Canada Limited, we have 149 objectors. With great respect, I don't want to prejudice my position in the case, but many of them are there to join the crowd. There are very few applications that come before the Ontario Highway Transport Board where a group of objections aren't filed in order to follow the leader or somebody who encourages everybody else by saying, "Let's get in. Maybe the board will count heads for a change."

We never have counted heads. I have never cared whether there was one objector or whether there were 29 or 50 objectors. It makes no difference to me. If the evidence of public necessity and convenience was there, the licence was granted. If it wasn't, it was denied. And this applies in the Frost case.

I admit their financial position is deplorable at the moment but we will come out of it; the creditors will be paid 100 cents on the dollar.

Mr. Cunningham: Am I correct in my assumption that this transfer has taken place?

Mr. Shoniker: The transfer has not yet taken place. It's subject to certain moneys being paid by counsel to the creditors. I expect it will be completed by December 19 and all creditors will be satisfied 100 cents on the dollar. To my knowledge there have been no bankruptcies in the trucking industry in the last five years by anyone who held a licence of a major nature. There have been small bankruptcies with R carriers

or little FS carriers, or something of that nature but—

Mr. Philip: What about the Chapman case?

Mr. Shoniker: I beg your pardon?

Mr. Philip: Did Chapman not go into bankruptcy?

Mr. Shoniker: No, sir.

Mr. Philip: His creditors and his bank took over.

Mr. Shoniker: Do you want me to deal with Chapman now?

Mr. Philip: No, I'd rather deal with that later. Sorry, I'm out of order.

Mr. Shoniker: I'd be glad to deal with Chapman, sir, when you want to get to it. But if you don't mind I would like to finish this other one and get it off my—I'll deal with the Chapman case gladly with you.

Mr. Cunningham: I'd like to finish off on this one too. How long was Western Dispatch in business before they made application before your board to transfer to Alltrans?

Mr. Shoniker: Before they decided to transfer the operating authority?

Mr. Cunningham: Yes.

Mr. Shoniker: About two and a half years.

Mr. Cunningham: And in the course of that time, with, I must say, one of the most advantageous licences ever granted, they worked themselves into debts in excess of \$864,442. In your time as chairman of the board have you ever had occasion to see an operation that went into debt so quickly?

Mr. Shoniker: Over 24 years I have seen a lot of companies go in and out of debt pretty fast. Some of them survived; some of them didn't. Some of the major companies have been in a precarious position over the years. A good example of that is the late Phil Smith with Smith Transport, Lord rest his soul, who went bankrupt three times before he sold to CPR for \$40 million. But he went bankrupt three times before that.

Mr. Cunningham: I am just wondering at this point what the Frosts and Western Dispatch are selling.

Mr. Shoniker: What they are selling?

Mr. Cunningham: In my view they are selling something that isn't exactly a marketable commodity, except that through the nature of the system and the restriction of licences they are selling a licence. Were it not for that licence which was granted, originally on a temporary basis—

Mr. Shoniker: That's right.

Mr. Cunningham: —and only firmed up somewhat recently, I believe—

Mr. Shoniker: Within the last year and a half, sir.

Mr. Cunningham: If I may ask a hypothetical question, what would have happened if that licence had not been granted? You are not normally in the habit of granting temporary licences. We have a temporary operating authority for Greyhound-Gray Coach. We have a temporary operating authority for Western Dispatch. Really, it is not your custom to grant temporary operating authorities, is it?

Mr. Shoniker: It is in some instances. It is where you feel there is concrete evidence of public necessity and convenience present at an application yet you have a strong gut feeling that despite the evidence, you could be wrong.

With great respect, this Ontario Highway Transport Board was never blessed with infallibility. It is very fallible, including its chairman, and I am the first one to admit it. We are fallible. Sometimes we put the review clause on a licence so we can take a look at it a year from the time we granted it to make sure that licence is being operated in the public interest. That is the reason for temporaries.

Mr. Cunningham: Let me ask you this. Before you granted full operating authorities, were you and your board aware of their financial difficulties?

Mr. Shoniker: Their financial difficulties weren't as acute as they became later. Whether we had full disclosure or not at the time we made it permanent could be a matter that could be questioned. To the best of our knowledge, they were in a position from which they could find their way out. It was a family matter. It was a family where two boys knew how to work hard, but probably one other member didn't work quite as hard as he should have. Well, I suppose in every family there is a black sheep.

Mr. Cunningham: They were roughly about \$200,000 in debt.

Mr. Shoniker: I haven't got the figures. You have me at a disadvantage, because I haven't looked at the file in three months and I am not seized with it right now; the vice-chairman is. I think you are close to being right. I am quite familiar with the file, mind you, but I haven't been working with it.

Mr. Cunningham: Well, wouldn't you think that would compromise your position as far

as it relates to the protection of creditors? You did say that nobody has ever gone bankrupt and left creditors and allowed a licence to transfer.

From my perspective as an amateur, I would have to think that if you didn't rule in favour of permanent operating authority, creditors would have been out some \$200,000 plus.

Mr. Shoniker: I have never considered you an amateur in any field, with great respect, and I don't consider you an amateur in the transportation field.

I suggest to you that one of the reasons we moved towards a permanent licence in this respect was to try to make sure that we did protect the creditors and were able to take care of the creditors in the future, rather than having some people lose money who had invested it on the strength of a government plate, which is a licence that appears on a vehicle.

Mr. Cunningham: I want to offer you this—and this is the basis of my concern. Really I am echoing concerns put to me by the former member for Nipissing, whose pet peeve on our committee was the ability of people to transfer licences and to trade licences. He was always of the opinion that the licence rested with you as long as you were in operation; thereafter the privileges, the trust and the rest of it—ceased.

[8:30]

Hon. Mr. Snow: But that was not the finding of the select committee.

Mr. Cunningham: No, as a matter of fact, it wasn't. And it was one of the few concessions that the member for Nipissing ever allowed us to get away with.

Hon. Mr. Snow: It seemed to me that the report of the select committee as far as the transfer of licences is concerned was that if a man spent his lifetime building up a business, he should have the opportunity to sell that business at his retirement.

Mr. Cunningham: We are not going to change the rules of the game long after the game has been started.

Hon. Mr. Snow: In the select committee you also dealt with dormant licences.

Mr. Cunningham: We did.

Hon. Mr. Snow: And I believe you recommended that dormant licences couldn't be transferred.

Mr. Cunningham: I'd like to talk about that a little later. I was almost of the view, sir, that at the time of granting the permanent authority, his was almost in itself a

dormant licence. The more they conducted business, the more money they lost. That was an accepted fact, especially given that in the short period of time before permanent operating authority was granted they worked themselves \$200,000 plus into the hole. Currently I believe they are somewhere near \$900,000 in the hole.

Mr. Shoniker: I don't think it's quite that high, Mr. Minister; it's pretty close to it. But I assure you that nobody will be in the hole by December 19, unless the whole thing blows up. Of course, there is always that possibility. You may have more information from counsel involved in the matter than I have. You are probably closer to them than I am. I am never too close to any counsel.

Mr. Cunningham: I never see them very often. I can't afford to take them to lunch.

Mr. Shoniker: Okay, well I can't afford to take them, either.

Mr. Cunningham: No. Neither can their clients, especially with the number of cases they are involved in right now. Some of those clients are paying through the nose.

I am concerned about the efficacy of granting permanent operating authority to what is otherwise a shoddy operation represented by a fellow named Ron Webb, of Davis, Webb and Hollinrake, to bail them out of a jam they are in and, I suppose, indirectly, the people they owe money to.

Now, I am not so callous as to say, "Well, let the chips fall where they may." It's too bad that people who have invested money have allowed these people to work up some form of credit with them and they are in the hole. But I am equally concerned that somehow, through our licensing procedures, we jeopardize a number of things that become sacred in this province in order to effect a bailing out.

You know, and I am sure members of the Legislature and other people who are concerned with transportation know—especially the lawyers—that the street talk was that almost immediately after the granting of their application they were being wooed by Alltrans of Australia. It appears now that our fears or our premonitions have transpired insofar as their application of transfer to them is concerned.

I don't know what comments you are going to make on it; I know it can't in any way prejudice this case that is before you. But I want to tell you, I am fundamentally disturbed that this kind of situation can exist. I questioned the decision when it was made; I am not going to make a federal case out

of it, or even a provincial case for that matter. But I just want to tell you, I am truly disappointed that this kind of practice has been established.

Mr. Shoniker: What practice are you referring to? How do you feel that the board acted improperly? Will you please help me in that area?

Mr. Cunningham: First of all, the case was very clear that these people shouldn't have been granted operating authority in the first place.

Mr. Shoniker: Well, I don't agree with that.

Mr. Cunningham: They had no business acumen whatsoever, and that has, I think, been borne out by the shoddy way they have conducted their business, and by the terrible financial situation they are now in. If you look back at their record, through the transcript, you will see the case made by very, very respectable counsel for people who have been long established in the parcel delivery service. Now you have many of these people involved in the same case of UPS.

Mr. Shoniker: I can't deal with UPS. I am sitting on it. With great respect, I don't intend to, and I know you wouldn't ask me to.

Mr. Cunningham: Certainly, the case was made at that time that there was no market. I am not sure the situation has changed in any way. And I am not going to ask you to comment on that.

What I am saying is that this is probably the best case that you ever had put forward to you not to grant a licence.

Mr. Shoniker: I can't agree.

Mr. Cunningham: You granted a temporary licence; they get themselves into financial difficulty and from there on you have legitimized what, in my view, was not the greatest judgement in bailing these people out to satisfy their creditors. What we are now seeing is one of the most classic tradings of a major licence in Ontario. It's a very, very sad precedent, if we allow this kind of thing to exist.

I give you a hypothetical situation. Greyhound is operating right now on temporary authority subject to a decision that will be announced by the cabinet sometime after the Legislature rises. If Greyhound worked itself into some great debt, does that mean we grant it permanent operating authority so that we can satisfy its creditors?

Mr. Shoniker: As I understand it, you've been informed by counsel who appeared on the case. By your opening remarks, I under-

stand that to be the basis of your knowledge. I would be most pleased at any time to suit you to open the complete file on this matter and to assure you that Ronald Webb who appeared before the board was not treated any differently. And every other counsel who appears before the Board—and up until the last three or four years members of parliament from almost every party appeared before the board—were treated exactly the same way.

I'd like to believe that this board has never known politics in the last 24 years. I'm prepared to debate that on the open platform any day of the week.

As far as we're concerned, at the time the application was granted, four people came before us—a father, mother and two sons. They had been generally interested in a parcel business. They came before the board. They made a case. They produced evidence of public necessity and convenience. They were opposed by all the major carriers.

We have an application coming up for Purolator in the next month or so. If the member will come over and sit at the board chambers to hear the case with us, to sit there and listen to it, he will get his knowledge first hand; it will not be hearsay.

I resent the comment that anything improper was done in the Western Dispatch matter. I've got to admit they were bad business people. I'm prepared to agree with that right now. We didn't know that.

When the debts got as high as they got, the operation was still continuing. But as far as I'm concerned, dormancy is when a person no longer offers services to the public; and they were offering a service to the public.

Mr. Cunningham: Are they still serving the public?

Mr. Shoniker: They are not serving the public at the moment because it's operating under a managerial agreement. I believe it to be operated by the purchaser.

Was there any indication by learned counsel from whom you obtained your knowledge that the debts are not going to be paid 100 cents to the dollar?

Mr. Cunningham: That's not the point. The point I'm making is that you have effected a permanent status for an operation that first of all shouldn't even have had temporary status. If I gather correctly from what you've said today, you've legitimized that activity by way of their debt position. I'm saying it's an awful precedent to establish. Hypothetically we could get a report now that Greyhound is half a million in the hole. Does

that mean we grant, or the cabinet grants, or the cabinet directs that you grant full operating authority to Greyhound because it's in debt?

Mr. Shoniker: No. In every particular case and I think you'll agree—every constituent who comes into your office or every case which comes to your attention has to be judged on its individual merits. You can't make a line-up and deal with people as if they're not human beings. Every application that comes before the board is a separate application.

Certainly, I have to agree with you, from a business angle we were wrong. But we didn't know this at the time we granted the application. At the time we made it permanent we realized that the money from the bank could not be obtained unless they had a permanent authority. They couldn't get the backing financially; they were being hindered. We felt we were impeding their progress; in the cause of justice we made their application permanent. For no other reason than that. That's the explanation; that's the truth. You ask any counsel you have spoken to if he hasn't got the same respondents coming up to spend a week or so before the board, obtaining further rights in the province of Ontario that will impede the other respondents who are on the side of the fence to him at the time. This is a vicious circle.

Mr. Cunningham: I know that.

Mr. Shoniker: It's a most vicious circle. You know it; nobody knows it better than you.

Mr. Cunningham: I think we addressed ourselves to that in our select committee report. I want to ask you one final question because I have taken 40 minutes and it's been unfair.

Mr. Shoniker: It's not unfair to me, I am most pleased.

Mr. Cunningham: No, it's unfair to my fellow members.

Mr. Shoniker: It's unfair to everybody else, I'm sorry.

Mr. Cunningham: I want to ask you: Do you have any idea what the cost to Thomas Nationwide, the parent company, is going to be, to assume ownership of this company?

Mr. Shoniker: I haven't got the figures in front of me and you'll have to forgive me if I'm wrong. I think the figure is close to \$1.3 million.

Mr. Cunningham: And what are the total debts right now?

Mr. Shoniker: About \$1.2 million.

Mr. Cunningham: About \$1.2 million?

Mr. Shoniker: I haven't looked at the last

statement now. I am giving you the best of my knowledge. You will realize I didn't know you were going to deal with this matter today. I haven't seen the file in six months. My colleagues have, but I haven't.

Mr. Cunningham: So Western Dispatch now is in the hole \$1.2 million?

Mr. Shoniker: Subject to qualifying that, I'll be pleased to give you the exact figure in the morning. That's off the top of my head.

Mr. Cunningham: I would appreciate it, because I would like to know what the difference is between the sale price and the debts outstanding.

Mr. Shoniker: I can tell you this much, the sale price will satisfy the creditors. I doubt very much that the Frosts will see a five-cent piece, but I assure you that the creditors will be paid or the transfer will not be effected, because no matter what happens, I'll recommend to the hon. minister that he doesn't approve it, even though it's sent over to him.

Mr. Cunningham: I'd appreciate those figures.

Mr. Shoniker: All right, I'll get them to you in the morning. You want the final debt position of Western Dispatch?

Mr. Cunningham: Right. And the projected sale price.

Mr. Shoniker: I'll give you both.

Mr. Philip: I apologize to the chairman, to Mr. Shoniker and to the minister for being late. I had a TV engagement.

Why do you have people come in for public hearings, for unopposed hearings, for such things as the transfer of shares when they are unopposed, for transfer of assets, for change of name? Why do you then go through the whole procedure of having these people come in at expense to the industry and go through this quasi-judicial kind of ceremony when the board is already overbooked, when you constantly talk of the tremendous pressures on your time and on the board members' time? Why go through all of that procedure?

Mr. Shoniker: Mr. Member, I suppose I could say, to try to avoid opposition that your colleague sitting beside you has just got through explaining in the last 40 minutes. We have to make sure, in the case of transfers, that we have a statutory declaration that all liabilities have been settled. Then we proceed under section 8, which is without a public hearing, and recommend to the minister that the transfer be approved.

If there are any outstanding debts, we have the application come before the board and make sure that the creditors are paid 100 cents on the dollar. We sometimes have to

check to find out whether or not a licence is viable and if there is some question of bankruptcy.

Mr. Philip: Do you think, sir, that if you were doing the job properly you'd have a periodic assessment and review of licences, and therefore you'd have an ongoing knowledge of this? If licences are not being opposed you are bringing them through an unnecessary lot of red tape which the Americans, who are dealing with so many more licence applications and transfers and similar things like this, don't seem to think is necessary. Why do we have to do it?

Mr. Shoniker: We do it for the simple reason we have to. I am not crying that we are overworked. Sure we're overworked, but at the same time we haven't got the facilities at the moment to check out 25,000 licences during the period of one given year with a staff like we've got. It's not possible.

Mr. Philip: I don't think anybody was suggesting that you check out 25,000 licences in one year.

[8:45]

Mr. Shoniker: But, sir, you said that if we kept abreast with things we would know that everything is—

Mr. Philip: The ICC seems to keep abreast of things, but it doesn't seem to find it necessary to go through all this pomp and ceremony over a simple thing such as the transfer of assets or change of name. Why is it that you have to go through this kind of procedure?

Mr. Shoniker: Mr. Member, we feel that the creditors should be satisfied 100 cents on the dollar. If there are outstanding debts at the time that a statutory declaration is filed with the board, at the time of transfer, we put it under a public hearing. If the statutory declaration indicates no debts we proceed without a public hearing.

Mr. Philip: Do you not think there is adequate publication of the transaction if the company wishes, that it is a creditor's responsibility as a businessman to monitor what is going on among those people who owe him money and therefore that he will naturally file that, and at that time you can then go through this kind of investigation? Couldn't you do a lot of this by paperwork rather than—

Mr. Shoniker: You may be right, but we probably protect the public to too great an extent.

Mr. Philip: Not yet. I never realized that you were so psychic.

Mr. Shoniker: Maybe we overprotect them, I don't know. But we are conscious of the statement made by the late Leslie Rowntree in the House that an applicant's licence would not be transferred without the creditors being satisfied 100 cents on the dollar, and we have lived up to it since 1960.

Mr. Philip: I wonder if I may just get into something that I believe Mr. Cunningham was into earlier; I would like an answer. What are the bases on which an application is heard? How do you decide which application is heard first? Is there any way that you handle the application?

Mr. Shoniker: Yes, sir. The application is received by the secretary of the board. The moment it is received, he puts the date in front of the file. It moves from there down to what we call a listing table. When it reaches the listing table, we prepare the calendar every week, and in accordance with the date filed, it takes its place on the calendar.

The only time we deviate from that is when I have problems with counsel from time to time. They probably have a tendency to complain about the reactions of the board because we are not always as kind to them as we should be. But we do the best we can to meet their convenience. From time to time we have adjusted the calendar to meet their convenience; that is the only time we have it adjusted.

Mr. Philip: Would you not agree that it is common mythology in the industry that there are an awful lot of adjustments being made, and that, if you happen to hire certain lawyers, you can get your case heard earlier than if you go to other lawyers?

Mr. Shoniker: I would like to have that evidence on the table, Mr. Member, and I would like to meet the man who told you that face to face. I am suggesting to you that there is no preference shown to any lawyer appearing before the Highway Transport Board. I am prepared to stand any time and meet you and the person who made the statement to you that any legal counsel can get preferred treatment before the Ontario Highway Transport Board.

Mr. Philip: I am sure that it is not only a statement—

Mr. Shoniker: No, I am sorry.

Hon. Mr. Snow: Mr. Chairman, in the two years and three months, or whatever it is, that I have been minister in this ministry I have never had one complaint from an applicant to the board for a hearing that he was not treated fairly or that he did not get

his hearing in his turn. Never have I had such a complaint.

Mr. Philip: I believe Mr. Cunningham wants to ask a supplementary on that and I will give him the floor for that.

Mr. Cunningham: I hate to get back to the Frost case because I know how boring it is. This pertains to counsel, Mr. Webb. I am not making any allegations; I am just stating a fact here that you can deny or correct or affirm. This is an exchange that takes place through the mail in 1976 after a hearing is set up in the Ontario Gazette of November 6, 1976, to review Frost's licence for operations contrary to the public interest.

Mr. Webb writes to you, Mr. Shoniker, on November 26 to request adjournment of the review on December 3, due to his busy schedule. You reply to him on November 30 that the review of the operating authority scheduled to be heard December 3 is adjourned sine die. That was all done contrary to the desires of a myriad of counsel representing the Ontario Trucking Association, Purolator, CN, CP, everybody involved, the whole bunch of them. And we should recognize at the same time that this company, day after day, week after week, was going further and further into debt.

I am not going to make any accusations that this fellow had special influence. But certainly when you have very capable counsel like Mr. Saul and Mr. Sommerville and Mr. Morris and all of the rest of the people who were representing the other interests, and it is adjourned so summarily, it causes me to wonder.

Mr. Shoniker: I adjourn cases. I suppose that this week I have adjourned 10 cases due to sickness of counsel, or sickness of their clients or something else. Among them are included many of Mr. Morris's cases and many of Mr. Saul's cases.

As a matter of fact, I transferred an application from Ottawa to Toronto, I think, just this coming week as far as Mr. Saul is concerned. I have extended that courtesy to every counsel who practices before me because I feel that he knows the best interests of his clients. If he is not prepared to proceed at that time then it is not in the public interest to force counsel to proceed before the board. And, sir, you know that.

Mr. Cunningham: I rather doubt that this individual, given the merits of the case, could be any better prepared later than December 3 when he was required to be before your board to demonstrate cause for that licence to be—

Mr. Shoniker: I would be most pleased to meet with you and all the counsel involved in this case. I think it would be a most gratifying afternoon for you and I both to meet all counsel involved in this matter and discuss that adjournment with them. With great respect, there was more involved in it than just the counsel for the applicant.

Mr. Philip: I wonder if Mr. Shoniker could answer a hypothetical question. If you had a very despotic system, a system in which people were afraid of the dictator or the person in charge, do you think that under that kind of system you would have trouble getting people to come forth, particularly if under that system any evidence they gave might be injurious to their business? And do you think that even in a lesser extent than under a system where they may feel they have been done wrong by, in terms of getting their case on, that any lawyer would not feel kind of apprehensive about giving testimony publicly on that kind of thing—and giving evidence to members of the legislature? Do you not think an awful lot of them might come up to you privately then and express their concern?

Mr. Shoniker: Mr. Member, I have been accused of many things over the years but I have never been accused of being a despot, I don't think.

Mr. Philip: I think if Mr. Shoniker—

Mr. Shoniker: I am responsible for the system so I suppose I am the despot.

Mr. Philip: I think if Mr. Shoniker had listened to the question I asked, I used "despotic" in a hypothetical situation and I am sure he understood that.

Mr. Shoniker: I see.

Mr. Philip: Now, would you mind answering my question?

Mr. Shoniker: Sir, I would feel that counsel who have practised before the Ontario Highway Transport Board have a very friendly and happy relationship with the various members of the board. I believe we work in concert and in the public interest. There is no fraternizing or anything of that nature, but there is a friendly attitude between all counsel who practise before the board and the various members of the Ontario Highway Transport Board. I don't know of any real problems with any counsel, to tell you the truth.

Mr. Philip: How has the OHTB developed as a consequence of feedback that the members of the select committee gave to you, or of any other statements that may have been made in the Legislature subsequently or of any rethinking that you have done? Have

you developed any benchmark cases yet that we can point to and say this is Transport Board policy?

Mr. Shoniker: No, I must admit up to the present moment I haven't.

Mr. Philip: Do you think it would be a good idea to do so?

Mr. Shoniker: Yes. The opportune time I hope will present itself before I leave. But there hasn't been anything of a major nature that I could make a benchmark case out of. General rank and file cases have come before the board. The ordinary type of evidence has been presented, indicative of public necessity and convenience.

Mr. Philip: All right. I wonder then if you could just take a specific instance. What's the board's policy on the transfer of a license? Has the board developed any test to establish if it's an active business? How do you decide what an active business is?

Mr. Shoniker: In our opinion we feel that a licence is no longer active, or let's say is not being carried out in the public interest, when the holder of the licence fails to hold himself out to serve the public, when he fails to have equipment to serve the public, and he has failed to serve the public. We then, of course, feel that the licence is no longer in the public interest.

Mr. Philip: You then would disagree that the major test is not simply that creditors have been paid off.

Mr. Shoniker: I can't deny that creditors being paid off is an integral part of any transfer.

Mr. Philip: How do you decide, then, if he has been open for business and there has been an active business? Do you check the bills of lading?

Mr. Shoniker: Yes sir, we have the bills of lading presented to us over a period of time and we examine them. They are examined by all counsel.

Mr. Philip: Do you have any criteria as to what is a reasonable amount of business, then, that would be considered as—

Mr. Shoniker: That's contingent upon two or three factors—the area he's serving and the amount of business that's available for him.

Mr. Philip: I wonder, then, if we can look back in terms of benchmark cases. It seems to me that if there were any kind of benchmark case in this regard we're probably talking about, when was it, 1972? The Overland Western and McKinlay Transport case?

Mr. Shoniker: Yes. That became a benchmark case because we had an excellent judgement from the Supreme Court of Ontario

which gave us a lot of law in respect to transfers.

Mr. Philip: All right, would you agree then that from that case in 1972 you had the skeleton of a policy in dealing with this area?

Mr. Shoniker: Yes, sir. The reason we were concerned with it at that time, you must remember, was that this case, which ended up in the courts, dealt with the splitting of a licence at the time of a transfer. It was not a straight transfer of one given licence. We hadn't had too much experience in this field, and the matter went to the Supreme Court of Ontario and the judgement substantiated what the board did. I thought that was a benchmark case. I thought that decision in the McKinlay case by the board—

Mr. Philip: I think it's a benchmark case too; that's why I'm finding it interesting. Would you also agree, though, that even though that one case in 1972 may be seen as a benchmark case in this particular area of Transport Board decisions, at the same time the policy that came from it is still fairly sketchy?

Mr. Shoniker: I don't know that I'd agree with that, sir. It confirmed the findings of the board that a privilege on a licence could be removed from the licence without transferring the entire licence.

There was probably some question in our minds prior to that, because we never had any real experience in this area prior to the Overland case. At that time we felt we were doing the right thing and it was one of the first major splittings of a licence. It went to the Supreme Court of Ontario as you know, and judgement was in favour of the board.

Mr. Philip: Admitting, then, that this is a benchmark case—if you talk to the various lawyers in the transportation industry that case in 1972 still left a lot of questions about where the policy was, having been at the same time a major breakthrough in terms of developing a policy—can you tell me what you've done since then to expand on that and develop a policy based on the principles that were set in the Overland Western-McKinlay case?

[9:00]

Mr. Shoniker: All we did was continue to deal with the splitting of licences on the basis of a transfer in accordance with the way that we dealt with the Overland case. That was the promulgation of the policy as far as the board was concerned at that time and it was continued.

Mr. Philip: If I were a new board mem-

ber and I went to you and said: "In this area what should I read?" you'd probably say: "Read the Overland Western-McKinlay case." Then my next question to you would be: "Mr. Shoniker, I've read that and I see where you went in 1972. Can you give me a list of other cases that show the development of policy since then?" Could you do that?

Mr. Shoniker: Yes, I think I could. I'd have to look at the decisions of the board. I can't give them to you tonight off the top of my head. I think I can prepare them for you.

Mr. Philip: With all respect, it seems to me that you have an awful lot of talent that lawyers out there who are practising in this field don't seem to have. They can't point to any further cases that I know of and say that this is definitely Transport Board policy. They go back to the Overland Western-McKinlay case as it's called and say: "Fine, here's something that looks as though it's the start of policy but we don't know where anything has gone since then. There have been no policy statements by the Transport Board. There's been no singling out of other cases that connect as benchmark cases." My question is where is the policy? Five years later, where is the policy that has developed since 1972?

Mr. Shoniker: The policy was there in 1972, sir. It was approved of by the Supreme Court of Ontario and the policy has been carried out since.

I'm sorry, but unfortunately the board can't keep everybody happy. Counsel have clients. I'd like to feel that this board has one client, the people of Ontario. But members who practise law before the board, with great respect, sometimes have biased opinions. I can't afford to have a biased opinion. I hope I'm acting in the best interests of the people of the province.

Mr. Philip: You're surely not saying that policy gives you a biased opinion?

Mr. Shoniker: I'm not saying that at all. I'm saying there is a policy there. I disagree with you. That policy was substantiated in 1972 or 1973 by the Supreme Court of Ontario. It was confirmed. It's been carried out since.

Mr. Philip: Would you not agree that unless you have some specific, well-defined body of knowledge, of policy, be it either in the form of laws or ministerial statements or benchmark cases, you are much more open to bias than you would be if you had those things?

Mr. Shoniker: I suppose so. Maybe this board has been too close to the people. I'm sorry but we've acted too much in the public interest and have forgotten about counsel in particular cases. We've tried to deal with the public as individuals.

Mr. Philip: Are you suggesting that counsel is not acting in that way?

Mr. Shoniker: Over the years we have dealt with every lawyer we saw. We saw probably 25 or 30 individuals, people who never went to legal counsel.

Mr. Philip: For somebody like myself, if I happen to own a trucking company and wanted to apply for a licence and decided to do it myself without legal counsel, do you think it's in the public interest that I not be able to go to the board and say: "I'm applying for a licence in this area. What is the policy? Show me what I should read to prepare for my case so I know what Transport Board policy is." Do you do that in the public interest?

Mr. Shoniker: We do that every day of the week, sir, with the public that comes to the board. My day starts at 7:30 in the morning. Between then and 9:30 or 9:45 when I start to sit I see people from all walks of life who are not represented by legal counsel. I'd like to believe that I give them fair advice as to how to make an application and possibly succeed. They are never represented by legal counsel.

Mr. Philip: So you're not of the opinion then that the ICC with their benchmark cases and with, perhaps, their clearer policy statements, are in any way offering a more objective form of decision making than you are?

Mr. Shoniker: I have to believe, sir, that they have got away from the people. I'd suggest to you that there are some changes now in the Interstate Commerce Commission by the present government which may be bringing them back to the people.

Mr. Philip: To me, being of the people is clearly stating what the law is and letting them know what the rules are that they're governed by. I find that when I look at your operation, with all respect, and look at the ICC's operation, I can't help but think that perhaps they're a little closer to the people in this regard.

Mr. Shoniker: That's your opinion, sir. You may be right and I can certainly be wrong. I'm wrong more times than I'm right.

Mr. Philip: When a new board member is

appointed what kind of training do you give him?

Mr. Shoniker: We have him sit with one of the two vice-chairmen or myself, whoever has time available, for a period of usually six to seven weeks. We give him time to study all the decisions of the board since 1955. We ask him to read all of the decisions which are, as you would say, benchmarks. Some of them are and some are not; some of them are everyday cases.

Mr. Cunningham: That sounds like cruel punishment.

Mr. Shoniker: Yes, sir, it isn't the most pleasant thing to have to do.

Mr. Philip: So you're saying that you have all the transcripts there?

Mr. Shoniker: In my office I have a copy of every decision made since Mr. Justice Hughes and I sat on the first case November 1, 1955. I have my own decisions that I sat on commencing on July 30, 1954, as a member of the Ontario Municipal Board and I'm prepared to produce them.

Mr. Philip: Maybe we can talk about one specific case, since you did mention it. I'd like to talk about some of the principles involved in it because, with all respect, I fail to see the policy in the operation of OHTB. It's not only my opinion; I think it is also the opinion of a good many on the select committee on the highway transportation of goods who, when talking to lawyers, trucking company executives and union people, had the same feeling that perhaps there wasn't a specific, concrete, objective kind of decision-making. I'd like to look at it.

I was looking through a number of cases but the one that caught my attention was Philip Chapman Cartage Limited. I mentioned that earlier.

As I understand it, there were three principals involved, Philip G. Chapman, David A. Chapman and Philip W. Chapman. They operated under a number of PCV authorities. Some years ago it was found that they were leasing their authorities to local carriers who wished to serve customers beyond their licence capabilities. They would put a piece of equipment in Chapman's name and pay him a percentage. They'd do all the work, handle all the phone calls, do all the things that would normally come to them if they operated with their own licence. They'd pay him a commission to operate under the Chapman licence. This was found to be improper in 1974-75. The board also, after that, ordered a review of the financial data of the company because of the company's

financial status. As I understand it, under the operating authority, they put Chapman on a temporary operating authority basis.

As I understand it, you personally heard that case. Do you remember?

Mr. Shoniker: I don't remember, but you probably have the facts there. I haven't got them in front of me.

Mr. Philip: Let's put it in the generic then. The Transport Board instructed them not to incur any further debts at that time. The Chapman business was closed out by the bank which appointed a receiver. As I recall, they closed down the business in 1976. The receiver tried to operate it but was unsuccessful in the trucking business and eventually sold all the assets in January 1977. So everything was sold off except the licences. Of course, you can't sell a licence, as you and I have been discussing on a number of different occasions.

On January 13, 1977, Mr. Shoniker and vice-chairman of the board, George Marrs, issued a certificate approving the lease from P&D Leasing Limited to Philip Chapman. The interesting thing about P&D Leasing was that the principals were on Philip W. Chapman, Donald F. Merrick and David A. Chapman. And I'm wondering, in the light of the history of the company and in the light of the fact that you ordered this company not to incur any debts, how you can justify allowing them to enter into a lease agreement with what in fact amounts to their incurring a debt in this way.

Where was the rationale in that kind of thing? I'm sure you were contradicting yourself.

Mr. Shoniker: I don't recall this, as I say; I shall have to look at the file. If I had the file I'd certainly come back and answer in a minute. But the only conclusion I can come to is that we do certainly approve of leasing equipment back and forth when it is registered in the operator's name. Whether or not we had full disclosure at the time—you may have it there—whether or not Mr. Sanderson, who is the legal adviser for the board and who prepares these certificates for us and inspects their leases, had a full disclosure or not, I don't know. But if the facts you say are true, we certainly committed an error. I'm prepared to admit that if those are the facts. I accept them as being the facts. I accept them as being the facts, if you say so, but I haven't got the documents.

Mr. Philip: My source—and you may want to check it—was the testimony of David A. Chapman to a board hearing on

November 24 this year. It was part of another hearing. You might want to check Mr. Chapman's testimony on that because that is my summary of his testimony.

Mr. Shoniker: What is the date of the lease?

Mr. Philip: The date of the lease was January 13; that was when you granted permission.

Mr. Shoniker: January 13, 1977. And the lease was from whom?

Mr. Philip: The lease was from P&D Leasing. And the principles of P&D Leasing were Philip W. Chapman, Donald F. Merrick and David A. Chapman. The testimony from which I got that was the testimony of November 24 this year in another case before the board. It was another case involving Chapman.

Mr. Shoniker: I would be most pleased if you would give me until tomorrow morning to check it out. I will get back to you and it's quite possible I'll have it.

Mr. Philip: Okay. It seems to me that this was just an example of how mistakes can be made, if you like, discretions can be taken without having the discretion in full public view, if we don't have specific criteria and objectives and statements of policy. I confess that I was looking for an example like this but it's just one example that I could have used.

I'd like to get into this whole problem of the quasi-judicial nature of your board. Can you tell me what criteria you have for accepting testimony or rejecting testimony as it appears before you?

Mr. Shoniker: When a witness comes before us he gives his testimony under oath. We take his testimony. He's examined in chief by counsel for the applicant. He's well cross-examined by counsel for the respondents and re-examined by the counsel for the completion. If we have any doubts in our minds as to his evidence after listening to the cross examination in chief we sometimes ask questions ourselves.

Mr. Philip: Do you have any rules of evidence—rules by which you either accept evidence or reject evidence as you would in a court of law?

Mr. Shoniker: I'd like to believe that we accept evidence on the same basis we do in the court of law.

Mr. Philip: You don't feel then that in cases—and an example is perhaps the present UPS case—that a lot of hearsay evidence is allowed to enter into testimony without being challenged?

Mr. Shoniker: I don't think very much evidence has been entered into the UPS case without being challenged by five, six or seven counsels acting for the respondent.

Mr. Philip: Perhaps it's inappropriate to talk about UPS because it's before you.

Mr. Shoniker: That's about as far as I can go. But I'm prepared to make that statement.

Mr. Philip: Good. You're saying then that under your proceedings, there is no more hearsay evidence entered than in any average court of law.

[9:15]

Mr. Shoniker: I'm not going to say that. We endeavour to adhere to the hearsay rule as it is enforced in the court of law. We are an administrative tribunal and as such we have the right to deviate. From time to time, when we feel it is in the public interest to deviate to some extent despite the fact that counsel objects, we permit, hearsay evidence subject to the objection—but very rarely.

Mr. Philip: Mr. Cunningham has a supplementary on that.

Mr. Cunningham: Yes, I'm just wondering if you ever cancel or suspend or amend a licence without notification to the public.

Mr. Shoniker: We can suspend a licence but we can't cancel it. We can only recommend to the minister that he cancel it.

Mr. Cunningham: Would you have benefit of a public notification?

Mr. Shoniker: Not to my knowledge. First of all, if there's bankruptcy, we recommend to the minister that he suspend the licence; we can only suspend the certificate. We then order a public hearing. We notify the person to be reviewed by registered mail and make sure that it is received by him. We give him the opportunity to come up before the board and tell his story.

To my knowledge a certificate has never been suspended by the board. A recommendation has never been made to the minister to revoke a licence unless there has been a public hearing first of all.

And I'd like someone to tell me any time that we haven't held a public hearing in this respect.

Mr. Philip: If I may get back along the line of questioning I was on.

You say that there are certain circumstances under which you will deviate from what might be considered the traditional approach of a court of law. Would you describe them?

Mr. Shoniker: While I'm not bound strictly by the laws of the court, I haven't got the

protections the judge has. I haven't got the pleasantries that he has from time to time. I'm here tonight accounting for my stewardship, which a judge doesn't have to do. But I'm pleased to be here; I'm most happy to be here.

I have to use my own judgement from time to time, as does every other member of the board. If he feels that certain hearsay evidence is germane in order to make a good decision, then with great respect he'll allow the hearsay and so will I.

Mr. Philip: Can you give us an example, not a current one, of where you found it was germane so we can get some idea of the kinds of circumstances where you—

Mr. Shoniker: I can't at the moment.

Mr. Philip: Does it happen very frequently?

Mr. Shoniker: No, it doesn't happen that often but it happens. I can't take one off the top of my head right now. God didn't give me that much intelligence, unfortunately.

Mr. Philip: Following along the same line then, do you have any criteria or any rules you follow to decide when a hearing is over?

Mr. Shoniker: Yes, sir. First of all the applicant has the opportunity of presenting his case. He can present his case by means of an agent, or he can present it himself. When he is through calling his evidence, we hear from somebody opposing the application or from that party's counsel. We then also give a final summing up, or rebuttal, by the applicant in order to give reply evidence to any evidence that may have been given by the respondent.

Mr. Philip: So if an applicant, or those opposing an applicant, want to bring a thousand witnesses and they state to you that it is germane to their case, you hear each of the witnesses?

Mr. Shoniker: Yes sir.

Mr. Philip: Is this not a very costly business, either to the applicant or to the person opposing, depending on who happens to have the financial resources to sustain all these very expensive lawyers and the cost of the witnesses? Have you not thought about ways to shorten some of these cases so they don't drag on for months and months and months at tremendous costs to a side that may feel that it's neither in the interest of his pocketbook nor in the interest of justice that the thing drag on like that?

Mr. Shoniker: Unless something is put into the Act, I think I would be interfering with civil rights if I were to tell any person appearing before the board how many witnesses he could call. Moreover, he could take me to the courts and upset my decision.

Mr. Philip: By way of an analogy, do you feel that I am interfering with civil rights when I, as chairman of the justice committee hearing evidence on a private bill from a municipality, tell two warring sides that in the interests of time and expediency and the necessity of the Legislature, the committee has decided to hear five witnesses and they have to pick their best five witnesses or that they must present their case in an hour or an hour and a half? Do you feel that I and the committee I'm chairing are violating the civil liberties of the people who are appearing before us?

Mr. Shoniker: Sir, you are my peer. I have no right to tell you what you should or shouldn't be doing. I am not a member of the legal profession and I am not qualified to answer your question.

Mr. Philip: Do you think that part of my civil liberties is to get a fair hearing at a cost that I can afford?

Mr. Shoniker: Yes, sir.

Mr. Philip: Do you think that if I am dragged into a case where I have to supply legal counsel for days and days on end and if I happen not to be able to afford that kind of lengthy case that that is not an infringement of my civil liberties?

Mr. Shoniker: Yes, sir. If you had to retain legal counsel in order to succeed before the board, I would say you are correct. However I suggest you do not have to retain legal counsel in order to succeed before the Ontario Highway Transport Board.

Mr. Philip: Well supposing I were a small bus company appearing against a company such as Greyhound that would have tremendous financial resources behind it. Do you not think that it would be pretty foolish of me not to obtain the best legal counsel in a case like that—as an owner of a bus company with an equity of, for example, a couple of million dollars? It isn't a lot of money in today's business world. Don't you think that to spend hundreds of thousands of dollars on a long case might be interfering with my rights as a businessman?

Mr. Shoniker: I think it would be interfering with your rights.

A little Indian from one of the Indian reserves up in the north country came before the board and was opposed by Greyhound, by two competent lawyers. The Indian got his application. He's operating his bus route—and he appeared by himself.

Mrs. Campbell: Gray Coach should hire him.

Mr. Shoniker: I can give you chapter and verse on that one. With great respect to you,

madam—I know you are a member of the legal profession—it doesn't take a lawyer to succeed before the board.

Mr. Philip: If the native bus owner succeeds, perhaps we can get him appointed in Karl Mallette's job. I am sure he will do a much better job of managing a bus company.

Mr. Shoniker: I am sorry, I didn't indicate that.

Mr. Philip: Well, I have read some of your testimony and you may not have said it but you certainly have—Well, let's not be in contempt of your—

Mr. Shoniker: That's under appeal to the cabinet and my hands are tied.

Mr. Philip: Right, I understand that fully.

Mr. Shoniker: You can talk all you like but I can't open my mouth.

Mr. Philip: It just goes to show how some civil liberties are relative.

Mr. Shoniker: Well, I guess they are.

Mr. Philip: I wonder if we can deal with some specifics in the interim report. Out of curiosity, have you read Instant Hansard from last night?

Mr. Shoniker: No, sir. I haven't had a chance.

Mr. Philip: I was wondering why you were still friendly to me. Now I know.

Mr. Shoniker: I will still be friendly with you. I have been used to ridicule, sir.

Mr. Philip: I didn't ridicule you.

Mr. Shoniker: No, but that's what I have the job for. You are my boss and a member of the provincial parliament.

Mr. Philip: I never ridicule anybody. Margaret here will tell you that. I never ridicule anybody.

Mr. Shoniker: I can take it.

Mr. Philip: Quoting from the interim report on chapter 2, page 19—you have commented on it in an indirect way, but I wonder if you would give us your reaction to the statement by the interim report of the select committee that's reprinted here in the final report.

"We have been unable to find clear objectives in the Public Commercial Vehicles Act of Ontario. Constant amendments have been of the patchwork variety. The legislation requires revision." As a practitioner, would you care to comment one way or the other on that committee statement?

Mr. Shoniker: I don't think I would. I have read the select committee report many, many times but I don't think I am qualified at the moment to comment in respect to it.

Mr. Philip: Are you not solicited by the minister from time to time, or at least asked for advice on matters that are so relevant to the operation of your board? Do you not give advice on a statement like that? I would think that that would be a pretty direct statement—

Mr. Shoniker: I have to look at the statement. I haven't got a copy of the select committee report in front of me. I am at a disadvantage. This is a report of the select committee, is it not? It is not a statement of mine.

Mr. Philip: It's not a statement of yours. It's a statement of ours.

Mr. Shoniker: That's what I am saying—of the select committee. I respect that report and I certainly think it's an excellent report. I didn't bring the report with me because I didn't feel you would want to deal with that particular area but—Do you mind reading it to me again and let me see what I can do, please?

Mr. Philip: Sure. I will have to find the place again.

Mrs. Campbell: Page 19.

Mr. Philip: Yes, thank you. You can always tell a judge, they have developed listening skills.

"We have been unable to find clear objectives in the Public Commercial Vehicle Act of Ontario. Constant amendments have been of the patchwork variety. The legislation requires revision."

Would you agree that it does require revision?

Mr. Shoniker: It does in some respects and I think that the government is moving that way. At least, I would like to believe they are.

Mr. Philip: What kind of revisions do you see as appropriate from the point of view of facilitating the operation of your board?

Mr. Shoniker: There are certain proposals that I believe will be augmented. I have discussed them with certain members of the committee but at this stage of the game they have not been confirmed and I am not too sure how far they may go. I think the minister and the committee will agree that we have to make more information available to the public by means of a periodical or something of that nature about the board's functions and how it functions. We have been lax in this area. We have to notify the public of what the board's position is and how to act under certain circumstances in respect to review of an application or transfer of an operating authority.

Mr. Philip: Not only relating it to the board's position but also connecting it with the minister's position, on page 26 of the same section recommendation 6, states what almost seems to be obvious. "Where a decision of the board is contrary to the intent of any facts or criteria directed by the minister to be considered, the board will report its reason to the minister."

Do you feel it's the obligation of the minister to give specific directions to the board from time to time in terms of criteria and facts that should be considered either in an appeal or a review of a case? And do you feel that the board must follow those directions? If it does not for some reason follow those directions in their entirety, do you feel the board should at least report back to the minister and to the Legislature through the minister the reasons for not following those directions?

Mr. Shoniker: I suppose the hon. minister and the cabinet should decide what directives to give the board or how the board should act. Up until the present time the board, right or wrong, has acted as a free agent without interference from the government.

[9:30]

Mr. Philip: Would you consider, in the case of the Ontario Highway Transport Board on the matter of Gray Coach Lines Limited, Greyhound Bus Lines Limited, Eastern Canadian Greyhound Lines Limited and Stock Brothers Bus Line Limited, as published in the Ontario Gazette, that there was a fairly clear directive to you as to what you were supposed to do in the review of the Greyhound-Gray Coach matter?

I'll read it to you: "The Ontario Highway Transport Board: Pursuant to section 17, RSO 1970, chapter 316, the Ontario Highway Transport Board will review certificates issued on or about the 22nd day of November, 1976, in respect to the following:

"Any impact on bus service of various municipalities that could result from the Ontario Highway Transport Board decision to allow the operation of Greyhound, Gray Coach and Stock Brothers on exclusive Gray Coach bus routes, and if there is evidence of necessary reduction in service by Gray Coach Lines Limited, what alternatives are available, and further to review the effect on the financial variability of the general operations of Gray Coach Lines Limited."

Would you consider those fairly specific and direct guidelines and directives that were handed down to you in the review of that case?

Mr. Shoniker: Yes.

Mr. Philip: Could you summarize in two sentences exactly what you were told to do in that directive?

Mr. Shoniker: I was told to do two things, as I understood it: To look at the effect that granting of the Greyhound and Stock Brothers decision had on the Gray Coach lines, and secondly, what effect it may have had on the transportation facilities made available to every other person in the province of Ontario.

Mr. Philip: Do you maintain then, that your report to the minister and the cabinet answered those two questions and only those two questions?

Mr. Shoniker: I believe it did.

Mr. Philip: It was not in fact an apology for your original decision?

Mr. Shoniker: No apology whatsoever for the original decision. I believe the decision to be right. I made it in conscience and it still stands in conscience.

Mr. Philip: Do you feel then, in the case of a review of an original decision, that the same people should be the people reviewing that decision?

Mr. Shoniker: I was instructed in this instance this was not to review my decision as much as it was to review the decision in the light of two principles. The directive came from the minister and properly so. I acted accordingly, and endeavoured to deal with the two issues that the minister had instructed me to deal with.

I didn't see how anyone else frankly, other than myself, and Mr. Stoddart, could have conducted that review, because we were the ones who made the original decision. We approached all counsel before we ever commenced the proceedings and there was no objection. They felt it was the proper thing to do.

Mr. Philip: There is no objection to the original mandate you were issued. Is that what you are saying?

Mr. Shoniker: There was no objection by counsel to Mr. Stoddart and myself hearing it either.

Mr. Philip: Would you not agree, by precedent then, that with the Transport Board it is common practice for you to review the cases that you have in fact originally heard in the first place?

Mr. Shoniker: No. Under the Statutory Powers Procedure Act, if you look at it, if I sit on an application and someone moves a motion before the board to have the matter reopened and orders the panel sitting on

the motion which is an entirely different panel from the one which sat on the original application, to reopen that matter, I think under the Statutory Powers Procedure Act the member who sat on the first application is bound to sit.

Mr. Philip: The member who sits on the first application is bound to sit on the re-hearing?

Mr. Shoniker: That's right. That is my understanding of the Procedures Act.

Mr. Philip: Do you feel it is in the best interests of justice that the original judge is in fact passing judgement on his judgement?

Mr. Shoniker: Sometimes I don't think it is a very good idea, I agree.

Mr. Philip: You think then that it might be in the best interests of the Transport Board and of the person appealing to have some kind of regulation indicating that those who first heard a case should not be the same people who hear the appeal of that case?

Mr. Shoniker: I'd subscribe to that 100 per cent. But I think you have to do something with the Statutory Powers Procedure Act as I see it. Generally, it looks to me that I have no alternative but to proceed in that fashion under the Statutory Powers Procedure Act. I will check it to make sure and then get back to you. But I think I am bound by the Statutory Powers Procedure Act.

Mr. Philip: I think we have hit something on which we certainly agree, Mr. Shoniker, other than the general principles—

Mr. Shoniker: I think you and I agree on a lot of things.

Mr. Philip: I am sure we do.

On page 44 we have a series of recommendations that are guidelines for the board so as not to limit the flexibility and scope of the board's operations. But it should take into consideration when hearing future applications for operating authority and extension of operating authority in the following—"And here we have a series of recommendations.

No doubt you have read those recommendations. If you had been on that select committee, would you have added any further recommendations to that list?

Mr. Shoniker: To be fair, I would have to see a copy of the recommendations. My memory is not that good. I don't remember them. As I say, I read that report and I studied it well but I haven't got a copy of the select committee report. I have all kinds in the office, but I haven't one here.

Mr. Cunningham: We have got some autographed ones; we will give you one. It's a best seller.

Mr. Shoniker: I have lots of them in the office, but I haven't one here.

Mr. Cunningham: It has Joe Goodman in the centrefold.

Mr. Philip: Another item was the statement we made about "the key element in the information where what the public has a right to expect from its board is the publication of the board's decisions, particularly any which establish policy or guidelines." In the light of all the discussion that we have had—not only tonight between you and I and Mr. Cunningham—about the need for benchmark cases and so forth, and about your desire to do something of that nature, how long will it be before we can expect to have that particular element implemented—namely, the publication of board decisions?

Mr. Shoniker: I sincerely hope that I will get the necessary authority and necessary funds to public those decisions. I retire from the Ontario Highway Transport Board on June 3.

Hon. Mr. Snow: July 3.

Mr. Shoniker: I'm sorry, July 3.

Mr. Makarchuk: You just lost a month's sick time.

Hon. Mr. Snow: Perhaps he is going to take a month's holiday at the end of that, I don't know.

Mr. Shoniker: I won't have time. If by that time I haven't got permission, I will undertake that all the decision of the Ontario Highway Transport Board will be published before I leave.

Mr. Philip: Will you also be taking into account the comments the select committee made in which we stated that we are impressed by the recurring comments of virtually all categories of persons who testified or submitted briefs, to the effect that the board relies too heavily on oral hearings in cases where the information required for the decisions could be gathered in a more efficient and less expensive way? Has the board given any thought to any kind of modified procedure?

Mr. Shoniker: We have certainly thought about it over the period of time, but I haven't been given any directive at the moment. We have certain recommendations ready to present to the minister. There is, of course, the question of an examiner and his cost. The system used in the United States is an effective one, I have to agree. But you have to remember that the cost is great and the popu-

lation of the United States of America is large and their sphere of influence is greater.

I don't know whether or not an examiner system would work to the best interests of the public in Ontario. It may well do. I would like to get something on paper on this one, and let you have it.

Mr. Philip: At our last meeting a number of us impressed on you the difference between the judicial role and the role of the facilitator and suggested the latter as a possible role for the board—namely, as an early warning system to companies that may be behaving in a way that would neither be in the best interests of the public nor of themselves in holding onto the kind of licence they have.

Since we shared with you some of our concerns about that in the preparation of the select committee report, I wonder if you have done any thinking about that, and do you see that the board should perhaps move away from the judicial kind of role and perhaps add to its role as facilitator such things as data information collection, consumer protection and an early warning system for companies that may, in fact, be having problems?

Mr. Shoniker: I can answer that question in the affirmative. We have now moved, in some areas, away from the review procedure and brought individuals in to make them fully aware of what we thought were financial dangers in their company, and given them a limited time to report back to us in our own office without going through the formal procedure.

Mr. Philip: In the case of Gray Coach, do you think that if the board had been performing in that kind of facilitator type of role they might not have found themselves in the kind of position that they found themselves in when that decision was made?

Mr. Shoniker: You have me at a disadvantage. There is something I would like to tell you in respect to a previous case, but I can't—the matter is under review by the cabinet. It is something I think I could go back to on another application at another time. I just can't do it. I'm sorry.

Mr. Philip: Fine.

Mr. Shoniker: I think you realize the reason why I can't.

Mr. Sterling: Mr. Shoniker, we don't have all the reservations that some of the other members of the House do about your operation. I would like to say that I have found through my experiences as an MPP and in the legal profession that many of the truck operators—especially the small truck operators—certainly appreciate the time your board takes in dealing with those people so that

they do not have to retain legal counsel. I think the principles and procedures are fairly simple, as they must be, because many of these individuals who are dealing with you are not sophisticated people.

I also find amusing some of the comments regarding the possibilities that you may be infringing on civil liberties because of long hearings. I do not know of one judicial process or quasi-judicial process where you can limit the amount of argument or the amount of briefs or the number of people you may deal with. I think there is a marked difference between your type of hearing and what we may hear on the justice committee when Mr. Philip sits as the chairman.

Mr. Shoniker: I think there is.

Mr. Sterling: In that case we are elected; we make the rules. In your case, you are serving the elected people.

Mr. Shoniker: I don't make the rules—I try to obey them.

Mr. Sterling: I would like to go to one point with regard to a hearing before your board, Mr. Shoniker, and that would deal with an applicant trying to obtain a new licence. I wrote to you on this matter and I asked you what kind of evidence would be necessary for a new applicant to obtain a licence. This particular individual I was dealing with was having trouble obtaining corroborating evidence from other carriers—and it is not hard to understand why it would be difficult for him to obtain corroborating evidence from other carriers, because they don't want the competition. That's the plain true fact of it. Has there ever been any contemplation to giving a temporary licence so that they can, in fact prove there is this need for an additional licence?

[9:45]

Mr. Shoniker: We have granted temporary authorities on, let's say, scanty evidence. We have not granted temporary authority as a result of a public hearing on no evidence. Just the evidence of the applicant alone, if there is a respondent present—it's pretty hard to grant a temporary authority on that basis. But we've often granted temporary authorities where the evidence was scanty and we said, "All right. We'll give you a temporary authority for a year, and in a year's time we'll review the licence and see whether or not it's in the public interest." We've done that several times.

Mr. Sterling: Are there any statistics that are public information that are produced for you or that you use in making the decisions? In other words, if we go to eastern Ontario

and I go into one area of my riding, is there any evidence in the Ottawa area, for instance, that you have 10 carriers in such-and-such a category, and usually a population of that size would normally require 20 carriers? Do you consider that kind of information?

Mr. Shoniker: Yes, we do, especially in the Class H licence for the movement of household goods.

Mr. Sterling: I see.

Mr. Shoniker: We take that into consideration many times.

Mr. Sterling: If an applicant were applying for that type of licence for the movement or delivery of household goods, could he subpoena someone within the ministry to provide this information? Could he call on the ministry?

Mr. Shoniker: You mean, to obtain the facts as to population or the number—

Mr. Sterling: As to the need, yes.

Mr. Shoniker: He can get that from the board. We'll tell him. We'll tell him how many carriers there are in any given area any day.

Mr. Sterling: Will that be used as evidence in his favour?

Mr. Shoniker: He can certainly use it as evidence if he elects to do so. He can get that information from the board. We have that information.

Mr. Sterling: But let's say that in the Ottawa area there is not a sufficient number of movers for household goods. The applicant comes before you and says, "I have the ability to do it." Why do you need a corroborating witness in that situation?

Mr. Shoniker: Because we have two other people present who say, "No, he's not needed."

Mr. Sterling: You mean you have opposition?

Mr. Shoniker: We have opposition. That's the problem.

Mr. Sterling: But should the figures not tell you?

Mr. Shoniker: The figures do, yes. Sometimes they do, of course, and sometimes they don't. You've got to take into consideration the number of pieces of equipment operated by each operator. You have to take into consideration whether or not he belongs to a van line and he's neglecting the people in his own area for long moves. You've got to consider things of this nature.

Mr. Sterling: But there's a grave danger,

too, that you create a closed shop if the number of carriers is few and they gang up on the small guy.

Mr. Shoniker: That's true, except the board's report for 1976 shows the granting of the majority of applications.

Mr. Sterling: Are there independent consultants whom people hire and bring in to provide this corroborating evidence?

Mr. Shoniker: Oh, yes.

Mr. Sterling: There are?

Mr. Shoniker: Oh, yes, no question there.

Mr. Sterling: Thank you, Mr. Chairman.

Mr. Cunningham: I'm not going to take too much of the committee's time because I know other members want to participate, but I just want to ask a few questions. Maybe you can help me with one, Mr. Chairman, because my memory is by nature a little weak anyway.

Mr. Shoniker: I wish my memory were as good as yours. If I were as young as you are, my memory would be much better.

Mr. Cunningham: You are very flattering. When you were before us, did you indicate to the committee that you thought it would be appropriate, in your capacity as chairman of the OHTB, to have powers to discipline members of your board from time to time?

Mr. Shoniker: If my memory serves me correctly that was suggested to me by a member or members of the select committee. I know I did not make that recommendation.

I think I did answer in the affirmative and say that probably the chairman from time to time should have the right to call a member in and probably not discipline him so much as talk to him and tell him maybe he's not acting in the best interests of the public as far as some of his decisions are concerned. I know I didn't say that in any recommendation I may have made to the select committee, but I remember its coming up. I think it came from members of the select committee. I stand to be corrected on that one. I may be wrong.

Mr. Cunningham: Do you, as the chairman, ever get mad at the lawyers?

Mr. Shoniker: I beg your pardon?

Mr. Cunningham: I get mad at lawyers every now and then, but it's usually in their capacity—

Mr. Shoniker: I suppose I get mad at everybody from time to time. I'm no archangel.

Hon. Mr. Snow: Angel, but not the archangel.

Mr. Shoniker: I don't know about the angel part.

Mr. Cunningham: I'm being awfully rotten here. Do you ever, because you're a little frustrated with the odd lawyer every now and then, subject that individual to certain members of your board? That's a dirty question, sir, but it's the last chance I'm going to get to ask you dirty questions.

Mr. Shoniker: That's a loaded question if there ever was one.

Mr. Cunningham: A year from now, I guarantee you there will be the same room here, with probably the same minister, unless they promote him.

Mr. Shoniker: But I won't be here.

Mr. Cunningham: And you won't be here. So this is my last chance to ask you dirty questions.

Mr. Shoniker: That's the last chance to get me.

Hon. Mr. Snow: How can you go any higher? I mean, I've got the best and the most efficient ministry in the government, and it's pretty hard to be promoted.

Mr. Cunningham: I'm recognizing your skills, Mr. Minister. I thought they were going to let you straighten out the whole economy.

Hon. Mr. Snow: Unless you're going to move me into that corner office up on the second floor, that's the only—

Mr. Cunningham: As a matter of fact, I've heard some rumours to that effect.

Mr. Makarchuk: You might be getting a chance sooner than you think.

Mr. Cunningham: If I could ask the chairman this, though, I'm wondering if possibly you might respond to this. Do you ever, because you're a little annoyed at certain counsel, say: "I'm going to fix that so-and-so. I'm going to give him so-and-so"?

Mr. Shoniker: I fix them myself if I am going to do it.

Mr. Cunningham: I've heard that that is in fact—

Mr. Shoniker: I don't ask anybody else to wash my dirty linen. I wash it myself.

Mr. Cunningham: Do you recall a letter I wrote to you with regard to some Hamilton applications?

Mr. Shoniker: Yes.

Mr. Cunningham: Extending the radius—

Mr. Shoniker: Yes.

Mr. Cunningham: Do you recall my concerns?

Mr. Shoniker: Yes.

Mr. Cunningham: Were they valid?

Mr. Shoniker: Yes.

Mr. Cunningham: Has anything been done?

Mr. Shoniker: Yes.

Mr. Cunningham: What has been done?

Mr. Shoniker: I got all the parties together and I've almost got their heads together on an agreement, except one in the area which you probably know. I think the only problem I have at the moment is in the Stoney Creek area with one carrier. We're pretty close to bringing it to a conclusion—I hope.

This is the one you also spoke to me about, Mr. Minister. I spoke to you.

Hon. Mr. Snow: Did I?

Mr. Shoniker: Yes, I just wanted to—

Hon. Mr. Snow: Was this brought about by the change in boundaries? Similarly, we had an instance in Halton a few years ago where carriers—

Mr. Shoniker: Yes, sir. This is one where, if you recall, there were 16 applications.

Hon. Mr. Snow: I know in that case you brought in the carriers that were licensed into Acton and into Georgetown—

Mr. Shoniker: That's right.

Hon. Mr. Snow: —and into Esquesing township, which all became Halton Hills, and you had to sort out your licences.

Mr. Shoniker: The Hamilton situation is comparable to this. I think I have spoken to you about this one, too. I know I have. You may not just recall it at the moment.

What happened is there were 16 applications. Had there only been 12, the 12 would have gained, but there were four people who were not too desirable as far as the sitting member was concerned, so they all got thrown out.

Mr. Cunningham: You mean the sitting member, on the OHTB?

Mr. Shoniker: Yes. I don't mean the sitting member of Parliament—no way.

Mr. Cunningham: I know there are some difficulties around there.

Mr. Shoniker: Is that your riding?

Mr. Cunningham: That's the socialist end of Wentworth county, I'd like you to know, and there are some difficulties.

Mr. Shoniker: If you talk to the people—I imagine the principals have probably spoken to you—I think they will tell you that we have had several meetings.

Mr. Cunningham: I hardly ever see them. My concern was it was suggested that they make application because they were breaking the law anyway, if you recall. They made ap-

plication. Their legal fees were somewhere in the area of \$20,000, which is a lot of money for these very small carriers. The chairman of the hearing, who shall remain nameless because I'm such a good fellow—but his name is there for the record for anybody who wants to go and look it up—

Mr. Shoniker: Yes, it's easy enough to find out.

Mr. Cunningham: —strolled into the meeting and said: "Let's get this show on the road. I've got to have lunch in Toronto," whereupon the hearing was concluded sometime after 11 a.m., much to their dismay. These people didn't really think that they were getting a very good ride for their money.

Hon. Mr. Snow: Are you suggesting legal fees of \$20,000 for one morning's sitting?

Mr. Cunningham: No. For preparing the case, though. It's understandable, it was such a good case.

Mr. Shoniker: Sir, you and I will both agree that the most dangerous thing in the world is sometimes hearsay evidence.

Mr. Cunningham: Yes.

Mr. Shoniker: I'm not going to say any more. Some day, somewhere, somehow I'll discuss the case with you. I don't know whether you were filled in as well as you should have been, with great respect.

Mr. Cunningham: No.

Mr. Shoniker: But I am prepared to have the person who conducted the hearing some day come over and spend a couple of minutes with you. There are two sides to that story.

Mr. Cunningham: I'm sure.

Mr. Shoniker: You've heard the one and you didn't hear the other, and I'm not defending anybody.

Mr. Cunningham: No. This is the last time I'll ever ask you this question. Just to conclude now: Under no circumstances would you ever get even with a lawyer sometime, just for fun, by subjecting him to that particular individual?

Mr. Shoniker: If I want to get even with somebody, I'll get even by myself. I'll do the evening out. I won't ask anyone else to even it for me.

Mr. Cunningham: I just want to ask you a couple more questions.

Mr. Shoniker: As you asked me that question, you must have a hunch that somewhere along the line I have asked somebody else to settle a score for me, but I don't think I ever have in my life. I settle most of my own scores.

Mr. Cunningham: No. It's on that basis that I feel there should be more power to the Ontario Highway Transport Board. You, sir, are much more dangerous than a \$50 fine—with respect.

Mr. Shoniker: I don't know whether that's a compliment or not.

Mrs. Campbell: It's hard to figure that one out.

Mr. Shoniker: Judge, I don't think I'll answer that question without consulting you.

Mr. Cunningham: If you can imagine some poor A carrier like Mike De Groote, or somebody; a \$50 or \$100 fine to Mike De Groote is no problem, but cancellation of his licence would not only jeopardize his ability to enjoy life but probably would cause the Hamilton Ti-Cats to go bankrupt, too. That's the basis of the fear that you shake into these licence holders. And that's why I think that you—

Mrs. Campbell: Better Hamilton Ti-Cats than Toronto Argos.

Mr. Cunningham: —should have the powers, and that's why I think our select committee recommended, just for the record and for your memory—I know you have read the report.

Mr. Shoniker: This I remember.

Mr. Cunningham: "That the board be assigned a number of qualified investigators and a number of patrol cars and staff to enforce the provisions of the PCV Act and the Motor Vehicle Transport Act effectively."

Number two: "Board's role, manpower and activity not be duplicated by the ministry" as it may be now.

Number three: "The ministry consider like changes to its and the board's role in the enforcement of the PCV Act."

And one more—this is recommendation number 11: "Effect be given to this amendment"—that's an amendment to the PCV Act, and I quote—"that in addition to any other action taken under this Act, the ministry may appoint one or more persons to make investigations under this section, which may be initiated at any time, that a person appointed believes on reasonable and proper grounds that any person has contravened any of the provisions of this Act and regulations."

Number 11 was: "Effect be given to this amendment by the appointment by the ministry under the new 15 (c) (ii) of an appropriate number of investigators who will be attached to the Ontario Highway Transport Board."

Our concern, sir, is that if and when we see legislation that will correct the leasing difficulties and the buy-sell arrangements and

all the phony things that are going on, there is going to have to be some effective enforcement of that, or within a very short period of time we are going to see the sad state of affairs that we see now as far as breaking the law is concerned. It was the committee's feeling that those powers be vested in you.

My second last question to you is this. Do you agree with that? And if so, why?

Mr. Shoniker: The select committee report has been made, and I believe it has been considered by a committee of the Ministry of Transportation and Communications under the direction of the hon. minister. I do not think it is proper for me to comment at this time, and I have no comment.

Mr. Philip: If I may ask a supplementary—

Mr. Cunningham: I have one more question, but I will defer.

Mr. Philip: Would you at least give us a personal opinion? If you were running the shop, do you honestly think that T. E. Quinn would still be on the road today after all the violations he has committed? Would he still be running free after having 50 different violations that the Transport Board has on him? He is still advertising his wares in the trade magazines and, in the local St. Catharines newspapers, calling for brokers and people to work for him. Do you honestly think that if you were running the shop that guy would still be on the road?

Mr. Shoniker: Mr. Member, to be honest and fair with you, and from the bottom of my heart, as long as Quinn's counsel followed the route in the courts that he followed, my hands would be tied the same as the ministry's hands would be tied.

Mr. Philip: But they followed all the routes; they appealed before everybody they could think of appealing before; licences have been suspended, and yet the guy is still in business.

Mr. Shoniker: With great respect, they no longer have licences, because they were not renewed. They were not renewed for the current year—they no longer have a licence.

Mr. Philip: But they are still operating.

Mr. Shoniker: I can't tell you that, I don't know.

Mr. Philip: With all respect, and I guess it is respect, I can't help but think then that if you were going after him he wouldn't be on the road.

Mr. Shoniker: I can just tell you that there are some 30 charges against Quinn pending in the courts. That I know. But as long as

they follow the route to the courts that they followed, everyone's hands would be tied.

[10:00]

Mr. Philip: I have a couple of other questions—

Mr. Chairman: You are on the list after Mrs. Campbell, Mr. Philip. But Mr. Cunningham, would you complete?

Mr. Cunningham: One more question, then I am through. I thank the committee for indulging me here. As regards tow trucks—should tow trucks be licensed under public necessity or convenience, and administered through the Ontario Highway Transport Board?

Mr. Shoniker: I think it is worthy of consideration. I think it should be considered by the ministry in the future. My personal opinion is yes. I say this after reading the newspaper and finding—although we wouldn't have had jurisdiction anyway—that a man's car broke down last night in the storm coming off the highway here, and a tow truck pulled up. All the man had in his pocket was \$10; the truck operator wouldn't accept a cheque—he wanted \$15 in cash—so he drove his tow truck away and left the man stranded. But that was in Toronto so we couldn't do anything about it anyway.

I think it is worthy of consideration for the future.

Mr. Cunningham: I thank you for being so straightforward, except in the second-last question—which I didn't think you would answer anyway—with regard to upcoming policy. I have enjoyed these discussions with you. I wish you a happy retirement and I hope you will respond to my request with regard to the price of the—

Mr. Shoniker: I am going to look after that, sir. That will be done.

Mr. Cunningham: Because I am anxious to see what value we place on goodwill.

Mr. Shoniker: We will see that you get this information.

Mrs. Campbell: Mr. Shoniker, you said earlier that you never felt there was any government interference with your operation. Could I put this case to you and follow it with a question?

I am perfectly certain that if in your place tonight there were seated a member of the Ontario Municipal Board, the answer to the same question would be precisely the same—that there was no government interference. And yet we are aware of the fact that the Treasurer (Mr. McKeough) from time to time, in his public function, advises the Ontario

Municipal Board of policy relating to matters coming before the board.

I put it to you then: Has it ever happened that you have been advised by the minister of a change in government policy—save and except of course through legislation, I am not talking about legislation—in some direct reference to changes in policy?

Mr. Shoniker: Madam Member, I was on the Ontario Municipal Board for 16 months back in 1954 through 1955; I never received any instructions. I can't speak for the Municipal Board, because I have been away from there for too long. But I can tell you—

Mrs. Campbell: I can tell you that it happens.

Mr. Shoniker: But I can tell you right now I never received any instructions from anyone in the Legislature advising me as to what should be done on any decision that I have ever dealt with on the Ontario Highway Transport Board.

Mrs. Campbell: I am sorry, I want to be a little more precise. I did not suggest that anyone should advise you as to what should be done in a given case. That of course would be most inappropriate. I asked instead, have you ever been advised, other than by legislative changes, of changes in policy of the government itself?

Mr. Shoniker: I have discussed certain problems that I have had from time to time with respect to ministers, and sought their advice. The approach has been made by me, not the minister. I've sought his advice and many times I've followed the advice of ministers in the past. I follow the advice given to me, but I have asked for that advice. It has never been given to me unless I asked for it.

Mrs. Campbell: Would you be able to tell us whether in asking for the advice, you might perhaps have read in the newspaper, or a periodical, or in some statement of the minister, something that might indicate a change in policy, and you might then, on your own initiative, discuss the matter with the minister?

Mr. Shoniker: No. I've always felt that if he's made a public statement and he wants to discuss it with me, he's going to approach me. I shouldn't be approaching him. He's made the statement.

Mr. Cunningham: Let him climb out of the mess by himself.

Mrs. Campbell: Would you take cognizance of that kind of statement?

Mr. Shoniker: I wouldn't take it as reported in the newspaper, no. I would expect that if the minister wanted to give me some

advice I would expect it to come other than through the press.

Mrs. Campbell: Precisely. Has it ever come other than through the press?

Mr. Shoniker: I've never received any directives as far as the board is concerned directly or indirectly—through the press. I really haven't. I can say that honestly. I don't know what speeches the minister makes. I don't get copies of his speeches except the odd one that I want to read. I certainly get those.

Hon. Mr. Snow: My speeches, especially mine, aren't on the list of required reading.

Mr. Shoniker: Generally, he doesn't send me a copy of his speeches—with great respect. I read many of his speeches that I have some interest in.

I think the minister certainly has been most proper as far as the board is concerned.

My time is running out now.

Mrs. Campbell: There was a feeling it was an impropriety—it is not; it's established that it is not an impropriety—for the Treasurer to advise the OMB of government policy with reference to matters before it. One has to be clear—

Mr. Shoniker: I've got nothing to do with this cabinet nor do I appoint the cabinet, nor am I a member of the Legislature. That's a matter you'll have to take up with the Premier (Mr. Davis) or certainly some of the cabinet—

Mrs. Campbell: I think, Mr. Chairman, we are wandering far afield of the question posed.

Mr. Shoniker: All right.

Mrs. Campbell: If you were interested in a speech you might ask for it?

Mr. Shoniker: Yes.

Mrs. Campbell: What would dictate the interest in the speech? I'm sure it would have to be a matter of policy rather than some nitty gritty thing, wouldn't it?

Mr. Shoniker: Madam, the real interest I would have—

Hon. Mr. Snow: It's not that he likes my jokes.

Mr. Shoniker: —if the hon. minister—

Mrs. Campbell: I've never heard you tell one. You're duller than ditch water in the House. I'm sure you have some good ones but you never tell us.

Hon. Mr. Snow: Not that I can tell in the House.

Mr. Shoniker: I might have been a little evasive on that question. I probably should clarify it.

I am often concerned with the statements the minister makes in respect to the widening of highways or of new highways being instituted in the province of Ontario because it plays a vital part in the work I'm responsible for. I have a deep interest when the minister may make a statement as to a new highway that's going to be built or opened. I suppose he often goes into ridings to make speeches for that purpose. I don't know; it often is a result. Naturally I'm anxious to read those speeches so I can bring myself up to date and know exactly what's going on in the area involved. That's the truth.

Mrs. Campbell: Basically, you haven't built up, as I see it, any great volume of jurisprudence in the work you do.

Mr. Shoniker: No. Just common sense, I hope.

Mrs. Campbell: Yes. Do you from time to time, in reviewing your decisions, come to a conclusion that perhaps there has been a policy change effected as a result of your decisions?

Mr. Shoniker: I don't think so. The real concern I have is from time to time when I review my decisions three or four years later, sometimes I startle myself by finding out how many times I've been wrong. I'm prepared to admit that.

Mr. Philip: We notice the same thing about the government's decisions.

Mr. Cunningham: You should be a minister, you know.

Mr. Shoniker: I can tell you that, honestly. Certainly, over the years I sometimes wonder how I made the decision initially, at the time I made it. But I made it in good faith. Circumstances have changed over five years and altered my decision. That I'm prepared to admit.

Mr. Philip: Neither Eric nor I consider the minister as dull as dishwater. Dishwater has a lot of lumps in it. He doesn't sing as well as Ellis Morningstar does.

Hon. Mr. Snow: Mrs. Campbell, did you say dishwater or ditch water?

Mrs. Campbell: Ditch water.

Mr. Philip: Oh, ditch water.

Mr. Makarchuk: For the minister of highways, it's ditch water.

Mr. Philip: There are a lot of stones in ditch water.

Mrs. Campbell: I thought it was purposeful that you would take these long statements and read them without any intonation, any inflexion, any expression, so that you would lull us into a subconscious state.

Mr. Makarchuk: Old stoneface.

Hon. Mr. Snow: I didn't realize I had that effect.

Mr. Philip: I would like to ask Mr. Shoniker a question about the direction: Have you received any direction from the minister concerning the application of our licences, and if so, what is your understanding of that direction?

Mr. Shoniker: Yes, sir, I have. The minister made a statement in the House on or about October 21—I stand to be corrected. The minister informed me of the statement he was going to make in the House. When the statement was made in the House, I put into effect the contents of that statement as far as the board was concerned.

Mr. Philip: I think you're right. It was October 21.

Mr. Shoniker: I thought it was October 21.

Mr. Philip: In the subsequent month and a half or six weeks since then, can you tell us how many R licences have been issued?

Mr. Shoniker: Yes, I think I can. That I've come prepared for. I figured that was the area that you were going to go after me on tonight. Everything else I wasn't prepared for, sir, and I'm sorry. I apologize. I didn't come as well prepared as I should have tonight.

From October 21 to November 30, we granted 17 new licences, in other words, licences that formerly were not held by the licensee—

Mr. Philip: Right, not just renewals or extensions.

Mr. Shoniker: —and we granted one additional region in one case and we granted 11 additional vehicles overall. There were 59 reinstatements.

I can justify the 59 reinstatements. That, in substance, is a large amount. If the licensees buy their plates on or before July 1 of any given year, their licences are automatically renewed. That is on the licences they have. Many applicants come in at various times after July 1 and secure their licences, maybe in December, January, February or March. They don't read the document and they labour under the impression that the licence is good for the year. They fail to renew it on July 1. Of course the licence is automatically cancelled.

These are what we call reinstatements. These are the 59 people who, during this period, failed to renew their licences—who had licences and lost them. In many cases they had a justifiable reason, that they didn't understand they had to renew. That's the big figure, 59.

Would you like me to give you what we granted in the same period in 1976? I'll be glad to give it to you.

Mr. Philip: No. That was the question I asked the minister the other day.

Mr. Shoniker: I'm sorry.

Mr. Philip: I figured you'd be prepared with it. So that information isn't important. I appreciate that.

Mr. Shoniker: I don't want to mislead you. The minister told me these were questions you were going to put to me.

Mr. Philip: That's good. I appreciate the fact that you have prepared that.

Mr. Shoniker: No, this is not attributable to the fact that I was outsmarting you in any way, shape or form. The minister informed me that you would want this information.

Mr. Philip: I expected him to do so.

Mr. Shoniker: He did.

Mr. Philip: How many new licences were issued in that period last year?

Mr. Shoniker: In 1976?

Mr. Ziemba: Government by osmosis.

[10:15]

Mr. Shoniker: In 1976, between October 21 and November 30, 196 licences de novo granted. There were 73 interim authorities granted. That's it, 196 and 73.

Mr. Philip: So 196 new licences were granted?

Mr. Shoniker: During that period of time in 1976.

Mr. Philip: These would not be grandfathering—

Mr. Shoniker: No grandfathering. The grandfathering was over then.

Mr. Philip: These are completely new licences. Right.

Mr. Shoniker: If you want the whole total amount for the calendar year I would be glad to give it to you.

Mr. Philip: Yes, would you please give us that?

Mr. Shoniker: For the calendar year 1976 there were 1,193 certificates granted. There were 626 interim authorities granted. Of course that 626 would be transposed to the 1,193 during the course of the year. During the period of 1977—that's January to September 30, which I think would be of interest to you—there were 507 new licences granted against 1,100 the year before, and there were 383 temporaries granted against 626 the year before.

Mr. Philip: Has the number of applications decreased substantially as a result of the minister's statement?

Mr. Shoniker: It has, yes. It has, and I certainly will be truthful with you and tell you that the only licences we've granted—temporary licences, more or less—have been licences where the Ministry of Transportation and Communications has issued a contract for salting and sanding, or is going to issue one, and the man needs additional trucks or something of that nature, or he hasn't got a class R licence. We grant him one for salting and sanding to expire on April 30 and to be used only in the area involved under the contract.

Mr. Philip: Would successful preformance under that temporary licence be used as evidence then for seeking another licence?

Mr. Shoniker: I suggest it can't be used as evidence.

Mr. Philip: It can't be used?

Mr. Shoniker: No.

Mr. Philip: Good. That's useful information. As a result of receiving that information, I would mention to the minister that I wouldn't expect any further answer in the House, and we appreciate that information. I think the industry is surprised at that information, Mr. Minister.

Hon. Mr. Snow: I'm not criticising, but you were of the opinion, as you mentioned to me privately afterwards, that there was little or no difference in the number of licences issued during that period—at least that was your feeling.

Mr. Philip: Yes, that's the belief in the industry.

Hon. Mr. Snow: I got the answer the same time as you did.

Mr. Shoniker: Before this comes to you the member—and I may as well make a full disclosure tonight because my time is running out—I've granted four licences. You seem to be able to find out everything, more or less, about what I do over at that board, but in the last two weeks I've granted four other licences de novo. Three cases were cases where two men and one woman—separate in every way, shape and form from each other—had trucks and the bank was about to foreclose and seize their trucks. They had families and it was Christmas time. I must admit I granted them temporary class Rs. As far as I was concerned, it was absolutely necessary for these people to have licences. So if you hear about it, there it is. I may as well tell you now.

Mr. Philip: They have the business to back it up.

Mr. Shoniker: Before you find it out, I may as well tell you. It's one of these positions in which they either lose their trucks or they get licences and the bank prolongs their notes because of the licences.

Mr. Philip: I was pleased at your statement on the tow trucks, and I was even more pleased to find out that Mr. Cunningham agreed with the statement.

Mr. Shoniker: The minister doesn't agree with me, but that's my feeling.

Mr. Philip: I was even more pleased to find out that Mr. Cunningham agreed with you and that all three of us are in agreement, because I hadn't realized that Mr. Cunningham and I agreed on that one issue. That's useful information, to find out that I have an ally in that.

I'd like to ask you a question on the whole area of municipal licensing. From your experience in looking at urban centres in North America, have you every really seen a municipality that was able to efficiently and effectively regulate a transportation system?

Mr. Shoniker: I'm going to be damned if I say yes and I'm going to be damned if I say no, but I'm going to be honest with you. I have always thought that the provincial body could administer transportation better than any individual municipality, because there are certain factors that enter into individuality as far as municipalities are concerned.

Let me qualify that by saying the government can take an impartial look at a lot of transportation issues whereas a municipality in itself can't. In a municipality you have members of council who, because of the fact that they're going to seek re-election the next year have to pay for the vote and they create all kinds of monstrosities as far as transportation facilities are concerned.

Mr. Philip: Is it not fair to say, from your experience in looking at municipal licensing of any kind, that in most cases there is very little regulation—that, in fact, it's another form of taxation, or revenue collecting?

Mr. Shoniker: No, I can't agree with that. I think regulation is good.

Mr. Philip: Do you think that the taxicabs are well regulated in this city in terms of quality?

Mr. Shoniker: I'm having trouble with the taxi people at the airport. I'd rather

not answer that question, if you don't mind.

Hon. Mr. Snow: He's not talking about airports.

Mr. Shoniker: I know, but I'd like to pass on that one. I think that they leave a little to be desired.

Mr. Philip: Do you not feel, in terms of the cartage industry, that municipal licensing would make the anarchy of the taxis seem modest? I am thinking of the much more efficient job that the Highway Transport Board could do in regulating the cartage industry—at least in areas like Metro.

Mr. Shoniker: The cartage industry, as you know, is well regulated by a licensing commission in Metro. If you are asking me, "Could it be regulated better by a government body of Ontario?" I would say yes.

Mr. Philip: Do you see a difference between an area like Metro and an area where you have a regional municipality, where there is an identifiable economic zone?

Mr. Shoniker: I don't think you can look at Toronto through the same pair of eyes as you look at Kitchener-Waterloo.

Mr. Philip: Would it not be fair to say, in terms of the cartage industry, that provincial licensing makes more sense in an area like Metro while regional or municipal licensing might be okay for an area like Waterloo?

Mr. Shoniker: I would answer yes, with some reservations. I would want to give that a little further study.

Mr. Philip: But you do accept that there is a great difference between Metro and Waterloo?

Mr. Shoniker: I do.

Mr. Philip: I have no further questions. I wish you a happy retirement and I know that it won't be a quiet retirement. I can't imagine you being quiet at anything.

Mr. Shoniker: No. I don't think I keep quiet too long.

Mr. Philip: Your last statements were worth the whole evening. I appreciate them very much.

Mr. Shoniker: I am glad I pleased you to some extent.

Mr. Chairman: Are there any more comments from the committee? Then we will consider the Ontario Highway Transport Board vote as being considered and passed.

Tomorrow morning we will reconvene at 10 o'clock to study the first vote, vote 2501. In the afternoon we will be talking about

the Toronto Area Transit Operating Authority.

Normally—I should mention this to the committee—we don't sit on Thursday but this week we will because the House has referred the Provincial Secretariat for Resources Development to this committee. The only time that we could consider it was

Thursday afternoon after question period. We will sit until 6 o'clock to do that.

Hon. Mr. Snow: That is not with us.

Mr. Chairman: That is not with this ministry. The estimates of this ministry will, after tomorrow, continue next Monday night.

The committee adjourned at 10:25 p.m.

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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Transportation and
Communications



First Session, 31st Parliament

Wednesday, December 7, 1977

Morning Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, DECEMBER 7, 1977

The committee met at 10:21 a.m.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS

(continued)

On vote 2501, item 1, main office.

Mrs. Campbell: Mr. Chairman, I seem to have perennial questions. It isn't really that my mind doesn't move forward; it is that the ministry doesn't seem to move forward. Two questions concern me. One is about the status of the Toronto Island Airport. What is happening in that planning? We don't seem to get any reports between estimates.

Hon. Mr. Snow: Really not very much has happened with regard to the Toronto Island Airport. The last significant thing that happened was a meeting that took place on a Saturday about the middle of May, when the study group that had been carrying on the studies made its final submission. Mr. Lang and myself were both there to hear the submission.

In one of our meetings since that time in Ottawa with Mr. Lang, we asked if he wanted to put the Toronto Island Airport on the agenda for any discussion and he said no, he was not ready to discuss it yet. During that meeting at the King Edward Hotel, a two-day session on Friday evening and Saturday—Mr. Lang and I were there on the Saturday—he did say, when they were discussing the possibility of a STOL service, that his ministry was doing a study on the feasibility of STOL operations and that he would be releasing a report in two to three weeks. That was May 15. That report has not been released yet.

Mrs. Campbell: There is a certain elasticity in the arrangements.

Hon. Mr. Snow: Otto usually has a two-week period for almost everything. Anything you ask him about he says he hopes to have a decision in two weeks. Sometimes those two weeks are a little longer than others; that is the last I heard about it. We have had no formal discussions at all with regard to the Toronto Island Airport since that meeting.

To sum up that meeting: there was no formal report or recommendations, but just

basic findings after all the public input. The feeling, I would surmise, of the majority of the recommendations, seemed to be that the island airport would continue to operate as a business community airport as it has for so many years. There was one option to do away with the airport completely and make it into a bird sanctuary. Another option was to maintain it as a business airport and use it for a certain amount of STOL aircraft operation for the city commuter. The general feeling seemed to be that the airport should be maintained as an airport.

Mrs. Campbell: Is the report of that committee available? I haven't seen it.

Hon. Mr. Snow: I have never seen a written report. Is there such a thing as a final report of that committee? It just seemed to be a lot of presentations and summarizing of their findings, but no report or real recommendations.

Mr. Johnston: There is the report of the intergovernmental staff committee, which was the summarization of the options where they analyzed the implications of our various land-use options—I think they were five—plus the transportation options. That is public and is available and has been released.

Mrs. Campbell: I wonder if I could get a copy. Somehow I've missed it.

Mr. Johnston: Certainly. They were distributed at the public meetings that the minister has referred to. There is also a report of the public facilitator, Mr. Berger's report on the results of the public meetings.

Mrs. Campbell: When you were considering the STOL option, as I understand you were, was any thought given to the financing of an approach to the airport? One of the main problems, even with the airport as it is today, is the access to it. What kind of consideration was given by this ministry to funding an approach if you were going into STOL?

Mr. Johnston: There was no consideration by this ministry into funding the approach. Metropolitan Toronto assumed the responsibility for studying the various options that would be associated with providing access, and it looked at options that ranged from a pedestrian overpass over the channel to a tunnel. It costed these out and they were in-

cluded as a part of the technical document that was produced. The funding was left as a matter that would be negotiated following the decision as to what should be done at the site.

Hon. Mr. Snow: I think that we're carrying out now jointly between the federal government and ourselves what we call the FPCOORT, the Federal-Provincial Committee on Ontario Regional Transportation. That study was agreed upon two years ago now. I think it was on December 8, 1975—almost two years ago—that we met in Ottawa with Mr. Lang and agreed on a two-year passenger transportation study for all of southern Ontario. The target that we set at that time for the completion of that study was the end of December, 1977.

Although the study has been progressing all during that period, we do not expect it to conclude until probably March or April, 1978, three or four months later than was anticipated. In looking at the total passenger transportation for southern Ontario, I would expect that study may come up with some recommendations on Toronto Island Airport. It may be one segment of the overall transportation facilities.

Mrs. Campbell: Does Metro have any input into this?

Hon. Mr. Snow: It is not in on the FPCOORT study, no. That's federal and provincial.

Mrs. Campbell: Doesn't that strike you as being a rather grave omission, particularly as issues may be determined in a vacuum?

Hon. Mr. Snow: I don't think anything will be determined. I'm not expecting that anything final is going to come out of the study. I think the study will assess our present infra-structure and put forward some options that the political levels can consider.

Mr. Gilbert: I should say, too, Mrs. Campbell, that this study covers all of southern Ontario.

Hon. Mr. Snow: It covers rail, air, Malton Airport facilities—everything.

Mr. Gilbert: I noticed this morning, Mr. Minister, on the radio coming down, that there is apparently some municipal group that has recently published a report—maybe you've heard this as well—on the possibility of the use of Toronto Island as a STOL port. I haven't seen this. I don't know whether our staff has seen it. I hadn't even known it was preparing this until I heard it on the radio this morning.

Mrs. Campbell: It seems to me that as things lie in limbo, other developments take

place. I just want to keep abreast of the situation for the benefit of the constituents I represent.

The other item, of course, is the old one, too, of the relocation of railroad lines at the foot of Front Street. What is the status of that at the moment? And of the land use planning which Mayor Crombie was involved in?

Hon. Mr. Snow: As far as we are concerned, the status is that we put forward the proposal close to two years ago now—18 months ago I guess it was, in May or June, 1976. The committee that was looking at the total Union Station-Bathurst Street-Lakeshore Corridor rail line concept—put forward a report and a recommendation to a meeting that was held here in Toronto, attended by, I think, three federal cabinet ministers and several of us at the provincial level, which called for the major expansion and upgrading of Union Station and some rather major changes in the rail network. I wouldn't call it relocation—

Mrs. Campbell: I know. That's what disturbs me.

Hon. Mr. Snow: —because that committee was not dealing with the total rail facilities down there. They were basically dealing with the station and the passenger corridor, to accommodate intercity passenger trains and GO transit.

That report recommended certain works at a cost of some \$58 million. It was decided at that meeting that Mr. Lang's staff and mine would work out an appropriate cost-sharing to carry out that work, because it would serve both intercity rail transportation and the GO commuter.

I think you're somewhat familiar with the result of that. We went on for months and months of discussions and proposals. Finally, Mr. Lang said that there should be other things considered—in other words, not to proceed with the whole work but to cut down and come up with a formula for a smaller project. We went back to the drawing board and came up with a plan to not do all the work that had been anticipated, not do the rail-to-rail grade separation.

If you've seen that report, you will recall there was a tunnel to be built where the one set of rail lines would go under the other set of rail lines, so there would not be the conflicting traffic of the CN and CP lines coming from the northwest along with the joint lines coming in from the west. As I recall, that rail-to-rail grade separation would have cost about \$14 million; it was quite expensive.

So we came up with a new plan without that grade separation, but still doing quite extensive work within Union Station, certain other track exchanges and a considerable amount of new signalization because the old signals down in that yard are at least 50 years old. They're antiquated and they can't handle the traffic. I think a two-phase plan was brought out which totalled something like \$64 million because of doing it in two phases, with the first phase costing something in the neighbourhood of \$25 or \$24 million. There was a proposal for cost-sharing on that. At that time the federal contribution was proposed to be, I think, \$6 million towards that \$22 million or \$24 million project. This was to allow considerable expansion at Union Station, new signals, and certain track exchanges. It also involved GO Transit using part of the north Bathurst yard, which is just over the wall from Front Street, running from the CN Tower to Bathurst Street. There is another yard—what do they call the other yard they are using for storage?

Mr. Johnston: I can't remember the name.

Hon. Mr. Snow: Certain changes could be made in other yard facilities used further west. That plan was recommended by my staff and federal staff. It went to Mr. Lang, I understand, with the recommendation of his deputy minister. Mr. Lang was in China at the time—

Mrs. Campbell: For which God be praised.

Hon. Mr. Snow: —and when he returned he took this program to Treasury Board. I don't know what goes on in federal cabinet meetings, but I am led to believe Mr. Lang recommended they make a \$6 million contribution to this upgrading project. Treasury Board turned it down. It went to cabinet and was sent back to Treasury Board. Treasury Board again turned it down.

Following that Mr. Lang announced the no-program deal.

They have taken three pots of money, the railroad relocation fund, the grade separation fund and this promised \$100 million urban transit fund, added them together, and said, "We will spread that over five years, and we will spread it among the provinces at the rate of \$10 per capital—\$2 per capita per year." This will give Ontario \$16.5 million per year for the next five years, with no indication as to what might happen at the end of five years. Does it dry up and blow away then? We don't know.

Mrs. Campbell: They fund on the same basis as the province does to municipalities.

Hon. Mr. Snow: No, no.

Mrs. Campbell: Exactly.

Hon. Mr. Snow: No way. But in any case, that is actually a reduction for Ontario. We had anticipated getting something like the \$18 million we will get this year in federal contributions—not to the province, but to the grade separations. This new fund has to cover all items. We figure we will get \$16.5 million a year over the next three years. That will give us \$49.5 million.

Provincial grade separations on provincial highways—which is probably 30 per cent of them, the other 70 per cent of grade separations are applications by municipalities—the requests that are now in or that we know of, will come to \$70 million or \$68 million over the next three years. So this \$16.5 million a year does not leave any money for railway relocations or for transit facilities. Our first priority would have to be trying to meet the highest priority requirements for grade separations.

To get back to Union Station, at the time I announced the receipt of this letter from Mr. Lang, I said we would be proceeding with a further phase-down proposal to meet the needs of GO Transit alone. If the federal government won't contribute so we can meet the needs of the intercity rail traveller, we can't do any more than we have done. At least, getting "no" as an answer was better than having no answer at all. Now we are restructuring our planning as far as provincial transit and GO Transit are concerned. I expect in a couple of months we will be able to announce our full plan for the next five years for GO Transit and our scheduling for the improvements that will take place. I expect soon after the new year we will be calling for the first tenders for improvements at Union Station.

Mrs. Campbell: Mr. Chairman, the minister may recall that I expressed grave concerns about proceeding piecemeal with some of the proposals to accommodate the GO Transit system before the land use planning had been completed, because there were two committees sitting at the same time.

Hon. Mr. Snow: There is no conflict I don't believe, Mrs. Campbell. There is no conflict with what is being proposed re these improvements for GO Transit and the total land use plan for that 200 or 300 acres of land down there. I don't think there was ever any consideration that all railway tracks should move out of that location. We are only dealing with the main line corridor. We are not dealing with all the yards and shops and everything like that.

Mr. Gilbert: I think these two committees have come together now, have they not?

Mr. Johnston: Yes, they have and there has been some joint meetings and some of the concerns of the land use committee were addressed to the transportation committee. Concerns relative to, say, relocation of the high line adjacent to the CN Tower, so you wouldn't have that barrier to develop it. That was proved to be feasible.

Hon. Mr. Snow: That has been proven. It can be accommodated in the plan.

Mr. Johnston: You can also provide road access into the area should it ever become available for development; that is being certified as well. So the concerns of the land use committee were addressed.

Mrs. Campbell: Good. And Mayor Crombie is still on that committee and has been part of the joint discussions?

Mr. Johnston: As far as I understand, yes. Mr. McNab attended the joint meetings.

Mrs. Campbell: The last question that I have is: has the minister had access to the two reports about which there has been discussion recently; the American report on the inflexibility of rail systems, as opposed to other forms of transit, and what I take to be a counter report by the TTC. I have forgotten the name of the consultant engaged by Mr. Warren and his group.

Mr. Gilbert: Gerry Brown.

Mrs. Campbell: Yes. Have you had those reports? Are they available?

Hon. Mr. Snow: I haven't seen them personally. My staff have them, I believe.

Mr. Johnston: Yes, we were aware of those documents. In fact, two members of our staff visited the authors in Washington as a part of another meeting about three weeks ago and discussed it.

Mrs. Campbell: Before or after they finished their report?

Mr. Johnston: After they finished their report.

Mrs. Campbell: I see. Is it possible to obtain copies of those two reports for us?

Mr. Johnston: They are public reports.

Mrs. Campbell: I haven't seen them.

Hon. Mr. Snow: I don't know where you would get them but—

Mr. Johnston: You would have to write to the US.

Mrs. Campbell: May I ask that they might be made available since it is still a controversial matter in Toronto, at least? I am not sure how controversial it is in Metro, but in Toronto it is highly controversial.

Hon. Mr. Snow: In what way do you mean it is controversial?

Mrs. Campbell: I think a great many people have accepted as a premise, the inflexibility of rapid transit by rail. I personally would like very much to see the countervailing report, if I might. I would like to understand its implications, so if that can be available, together with the other report of the committee, I would appreciate it. I don't know whether any of my other colleagues are that concerned, since it is largely a Toronto issue.

Hon. Mr. Snow: You'll have a liberal Metro caucus meeting when you get these reports to discuss them, will you?

Mrs. Campbell: I certainly will.

Mr. Ruston: Maybe we could get the Essex county Tories to join us.

Mr. Gilbert: Mr. Chairman, I might say to Mrs. Campbell that when our staff met with the author it's my understanding that the author stated that you have to be careful to take that report and apply it to the area that you're looking at. I'm speaking with sketchy information that I got from the staff, but what the author is saying is that he is speaking in generalities across the United States. He is not talking about areas where there is a tremendous amount of rapid transit already in place, such as subways.

Hon. Mr. Snow: Or existing rail lines.

Mr. Gilbert: So I think with the expressions that were used, if you just try and apply it literally to every location, you're comparing apples and oranges.

Mrs. Campbell: You're speaking of which of the reports?

Mr. Gilbert: This is the American report.

Mrs. Campbell: It's the American report which spoke in terms of the inflexibility of rail transit. What about the author of the TTC report? Have you discussed that report and what its implications are?

Mr. Gilbert: Very little. As I understand it though, Mr. Pill has taken for the TTC this American report and looked at Metro Toronto and more or less supplied his thesis to Metro Toronto. Here again, if you take the two reports and read them it's the only way you can say who is right and who is wrong. Our people are certainly on top of it Gerry, and as Gerry has said, he's already spoken with the authors.

Mrs. Campbell: And has the TTC report addressed itself to the problem of energy consumption in any way?

Mr. Gilbert: I don't know.

Mrs. Campbell: So it hasn't answered that question at all.

Mr. Gilbert: To be fair to them, I haven't read Mr. Pill's report but I understand that he looked at all the items that the author of the other report did and he has written a report to the TTC on that basis in an attempt to either refute or go along with some of the things he's saying. I think you should get Mr. Pill's report and see what he says.

Mrs. Campbell: Mr. Chairman, that was my request. I want to see both reports. So, in the course of time I will receive the three reports.

Hon. Mr. Snow: We'll attempt to get you the reports. Three?

Mrs. Campbell: Yes, the committee report that was made public and was handed out to people at the public hearings—

Hon. Mr. Snow: Oh, the airport report? Okay.

Mrs. Campbell: And then these two.

Hon. Mr. Snow: The American report on rail transit and the TTC response to that?

Mrs. Campbell: Yes, thank you Mr. Chairman.

Hon. Mr. Snow: I'll see if I can get you those reports.

Mr. Chairman: Mr. Warner.

Mr. Young: You'll get two of them, I trust at least—one for Margaret and one for us.

Mrs. Campbell: I'm not trying to be exclusive.

Mr. Warner: Thank you, Mr. Chairman. I first want to apologize for my late arrival this morning. The sooner the LRT is constructed to Scarborough, the sooner I will not have to navigate the Don Valley Parkway and will always be on time.

I would also like to mention that our party critic, Mr. Philip, is also the chairman of the justice committee. He's in the justice committee which is sitting this morning. That accounts for his absence.

I have a couple of questions of the minister relating to the somewhat lengthy statement which he gave at the beginning of the estimates the other day. There are quite a few generalized things that are included in here.

The paragraph at the bottom of page two mentions that during the next five years we can expect MTC to be a better planned, tuned and more competent organization with greater control over resource allocation and strategic and long range planning.

I don't know if I should read into that that you've had a great deal of problems in

the past and that you're now getting your act together. But beyond that, and assuming by some strange quirk of the hand of fate that your government remains during the next five years, could you be a little more specific about the long range planning? For example, did you anticipate that as new communities open up—I'm thinking in terms of my own area, the Malvern area of Metro Toronto—that you would have a larger role to play in helping transit to be developed in the area first before the housing is put in—before the subdivision plans are approved and so on? Not just Metro Toronto, obviously, but any other area? It seems to me that that's been one of the major difficulties as we have developed our urban centres. The fact that we develop housing and industry and commerce, and so on, and then try to patch in a transit system. Surely the reverse procedure would be far better. I'm wondering if that's part of your long range planning that you talk about?

In general, I have several questions and if it's all right with the chairman I would like to deal with them in order so that the minister could respond. Could you offer some details to that general paragraph that's at the bottom of page two?

Hon. Mr. Snow: In planning transit facilities the major input into planning transit facilities in Metro Toronto is with the TTC. We're very much involved with them in our funding of these expansions—and of course, in the long range planning such as Malvern as you mentioned. This also involves the Ministry of Housing working with the municipality of Scarborough and with Metropolitan Toronto and the TTC.

My officials, mainly as far as transit planning and transit funding is concerned, meet with the officials of Metro and of TTC. We're involved considerably ahead of time. We've had meetings all this past summer with the TTC and Metro with regard to their 1978 program, so that we can plan our budget and our funding to meet our share of their plan. Basically, we have been able to meet, certainly since I've been minister, the requirements.

I remember the first few weeks that I was minister, TTC came forward with a proposal that they wanted to carry out a program—that was in 1976—that was going to require something like \$120 million of provincial money—which would be our 75 per cent. At that time—it was somewhat ironic the way it worked out—we said no, that our budget could not handle such a large increase in that year. I think, in that

year, we put a maximum of some \$80 million as our share. That wasn't spent.

When they got into their own budgeting and their own program, they didn't even proceed at a rate that used the money that we had budgeted for—I think it was \$8 million or \$10 million. I know we transferred \$5 million that year to municipal roads. We were very short of money for municipal road budgets and we went back to Management Board and had \$5 million from the municipal transit capital budget transferred to the municipal roads capital budget, so that we could meet some supplementary requests from municipalities to carry out additional roadwork.

Since that year—now this current year, the 1977 year—they are underspending again. This is partially due to the strike, partially due to more competitive bidding on some of their work, but from the figures we have now they're running under the amount that we have in these estimates for transit capital.

We've already established with them, although there is nothing finalized in their budget or ours yet for next year, the completion of the Spadina subway, the extensions to the Bloor-Danforth subway, both east and west, and some money, I believe, for the light rail line to the Scarborough Town Centre. Some money will be budgeted in 1978 to get a start on that project.

From a transportation standpoint, I have to say that transportation facilities are a very major tool in planning. We should be proceeding with transportation facilities ahead of development, rather than trying to catch up at a later date. This applies especially in high-growth areas like Scarborough, Mississauga and Brampton where there has been major growth. Although the streets and even a lot of the interior arterials are put in by the developers as part of their costs, there's still a major need for upgrading of present arterial roads—widening and so on. It would be great if, both municipally and provincially, these major roads could be widened or rebuilt ahead of development or at least in pace with it, not only the arterials in the municipal infrastructure but in our provincial highway system.

When one looks around Metro Toronto, the need for more arterial highways in the overall Toronto-centred region is obvious. Because of budget constraints, we just have not been able to build ahead of our needs. We are setting priorities very closely. That's mainly what we are referring to in our strategic planning. We have to assess every need with the very limited resources we have.

From a transportation standpoint, we're just getting started on Highway 403 in the section west of Toronto through Mississauga. We should be completing that now rather than starting it. It's about a five-year construction project and we should be cutting the ribbon and opening it now, rather than just getting the first contracts awarded. It's the same with 410 and somewhat the same with 404. We should be starting 407 right now rather than starting 403.

From my personal standpoint, we're four or five years at least behind in getting ahead with those projects. We just haven't been able to do them because of lack of funds.

Mr. Young: In the planning of urban rapid transit particularly, isn't it pretty essential that at least the land be reserved for the rapid transit lines? I'm thinking of the area I represent, northwest Metro, where the transportation situation is really desperate. We haven't yet solved that problem. If land had been reserved there, there might be a possibility of the HEPC line being used across the north of Finch Avenue. If land can be reserved so that people move in knowing that transportation is coming and that that land is going to be there, then you avoid the fight at the community level about where these things are eventually going to be.

Hon. Mr. Snow: Not always.

Mr. Young: Not always. But if the land is there, at least it helps.

Hon. Mr. Snow: In our highway planning we have a great deal of land reserved, especially through the Parkway Belt plan, for Highways 410, 403 and 407. Those alignments are all pretty well established. A lot of the land has been acquired. I believe they have protected the right of way for the Metro LRT line to Scarborough.

One problem we have in protecting this land is that it's pretty hard to freeze someone's land and say that's needed for a road or for a subway line or whatever, unless we're prepared to buy it within a reasonable period of time. Because of financial constraints we in the ministry are limiting our property purchases mainly to our requirements within the next three years.

We just don't have the funds to buy property for projects that may not be built for 10 or 15 years. And we don't think it is fair to the property owner to register a designation across his farm, or whatever it may be, if we are not prepared to buy that land when he wants to sell. This certainly puts a cloud on the title.

In my own community, there is a designation through there for Highway 403 that was put on in the early 1950's and the highway isn't built yet.

Mr. Young: But this land certainly should be acquired ahead of time. I am thinking of rapid transit, particularly in the cities, where land is ripe for development and development takes place. We make no provision there for purchasing the land which eventually must be used for some sort of rapid transit.

Mr. Gilbert: Maybe for the benefit of Mr. Young, we could have Jerry Johnston comment very briefly on this Toronto Area Transit Opportunity Study that he has been involved in for some time. It is a joint venture between MTC and the municipality. I understand it is entering the system development phase now, Jerry. Maybe he could bring them up to date on just where that sits.

Mr. Johnston: Over the last year there has been an attempt to assess all available transportation corridors in the entire Metropolitan Toronto area, out into the adjacent regional municipalities. We have been looking at rail rights-of-way, hydro rights-of-way, and other types of corridor that could be potentially used for a transportation facility.

We have completed the phase which identifies what could be done in these corridors. We know the physical capability. We worked with the railway companies, the utility companies and so on in determining this.

We are now at the stage of starting with Metropolitan Toronto and Peel and York and Durham and so on, to assess what would best support the land development objectives of those communities in the way of potential mass transit facilities. We've kept just what you are talking about in mind.

Mr. Warner: What is the name of that study?

Mr. Johnston: It has been called the Toronto Area Transit Opportunity Study, looking at the opportunities for mass transit in the Toronto area. I assume that it will take us approximately one more year to bring it to the stage where we will have some proposals to bring before the minister.

Mr. Young: By the time that is done, of course, much of the land is tied up, and has become very, very valuable.

I remember when I was on North York council years ago, before that whole Jane/Finch area was built up, we had a plan developed in the council of North York with rapid transit serving it. The land we reserved for that went by the board completely

and that area is pretty well shot now as far as rapid transit goes. We might conceivably use the HEPC right-of-way to solve that problem up there eventually.

Hon. Mr. Snow: Which right-of-way?

Mr. Young: The HEPC.

Hon. Mr. Snow: Oh, Hydro—

Mr. Young: Yes. I think that is a logical place for rapid transit and that might eventually be the solution. I don't know. I do know that at that time, 17 or 18 years ago, the council had drawn up these plans. They were great grandiose sorts of things with rapid transit continuing up Spadina and so on. However, land that was designated at that time is pretty well built up with high rise buildings now.

Mr. Johnston: So it is impossible.

Mr. Young: I would conclude "better late than never." Once that plan is drawn, will there be funds to acquire that land so that you don't have a battle in acquiring at very much higher prices once development does take place?

Mr. Gilbert: I think that's what the minister was getting at. Although we would like to do this with the funds we have, it is very, very difficult, as the minister knows, in the Parkway Belt alone. With the amount of dollars that is going into attempting to buy the land just to build the "403's", we just don't have the funds for these advanced purchases.

Mr. Warner: That's part of my question. You have answered part of it.

I would like to come back to a very specific item to try and highlight the essence of what I'm talking about. Malvern community in northern Scarborough, in terms of transportation, is a disaster. And that area is a fairly recently developed area.

The area in total, which now has a very sizable population—I'm not sure of the exact figures, but I would guess it's somewhere between ten and fifteen thousand people—has two bus routes, one access onto Highway 401 and no rail service.

Hon. Mr. Snow: When you come to that access onto Highway 401, I presume you are talking about the Neilson Road.

Mr. Warner: No. I mean one that exists right now. They go to Markham Road.

Hon. Mr. Snow: But the borough of Scarborough has just within the last month or two, given a decision on that Neilson Road interchange.

Mr. Warner: That's not what I am talking about. Back up for a few—

Hon. Mr. Snow: That is what you are talking about because you're talking about accesses onto Highway 401.

Mr. Warner: This is after-the-fact of the community's construction. My point earlier was that before Malvern was built there should have been a transportation plan. If it was deemed necessary and proper to have an interchange at Highway 401 and Neilson Road, that should have been planned for. That should have been part of the plan for development of Malvern.

Hon. Mr. Snow: We have had plans now for that interchange for several years, but Scarborough would not agree to it being constructed.

Mr. Warner: Beyond that, those transit routes, including light rail transit, should have been planned for and the space allotted before that Malvern subdivision ever began.

Hon. Mr. Snow: I would like Mr. Johnston to reply to that. As for the land within the Malvern area, there was land set aside there for it.

Mr. Warner: For light rail transit?

Hon. Mr. Snow: Yes. Isn't that right, Jerry?

Mr. Johnston: Well, most of the planning for the mass transit, or for any type of transit facilities into Malvern, has been done by Metro and the TTC, as you are aware. When they were looking at the Scarborough LRT—this incidentally was introduced primarily in support of a land use decision to try and encourage that type of development. They looked at the possibility of the extension of that service into the Malvern area and they look at some corridor alternatives.

Now the decision as to which corridor to protect and which corridor to use in the future, would really be up to Metro. It would have to be treated in the same way as the decision to introduce the Scarborough LRT up to the Town Centre. But the opportunities are being looked at and hopefully the protections will be taken by Metro to encourage that.

Mr. Warner: While it's possible to obtain lands and put them aside we haven't until now. The minister mentioned one case where they've been waiting since the early 1950's for a highway to be developed, but I detect from your statement that you've changed the focus a bit; we haven't put our primary concerns on the development of good transit. We've always put the development of highways and roads ahead of good public transit.

It seems to me that in large urban centres, not just Metro Toronto, but Hamilton, Ottawa or whatever—Ottawa is, I think, the next area where you are going to have some real prob-

lems—you have to plan out good public transit, the routes you are going to use, the form you are going to use, before you develop. I think that your ministry has a very legitimate and active role to play in the planning process. You know better than I exactly how you go about that; how you get involved with the Ministry of Housing or anybody else—

Hon. Mr. Snow: We do that by co-operating with the municipalities. It is not our ministry's position to go in holus-bolus over the municipal council and to start planning major transit facilities through their municipality. It has to be worked out jointly with that municipality.

You talk about emphasis on highways rather than transit. It's only about five years ago that we got really involved with transit, with the municipalities.

Now a lot has been done. If you looked through the estimates of this ministry to see the amount of funds being allocated to transit, both provincial transit and municipal transit and if you compared that with our expenditures on roads, you would see that the roads are suffering. But I also point out that the roads are a very integral part of transit. Because although there are certain situations where we have subways, where we will have light rail, where we will have ICTS, and where we have used the rail lines for GO Transit, where these can be utilized, and will serve certain segments, I think you are going to find for a great many years to come, that diesel or electric buses running on roads are going to be the major transit vehicles in Ontario—certainly in most of Ontario with the exception of Metro Toronto—and to a great degree even in Metro Toronto.

Mr. Warner: My last point is that surely it's not interfering with municipal development should you say to them: "With regard to the project you are planning, our opinion is that the density would not support the public transit for the area." That you have looked at their plans and you say: "If you really want light rail transit, or some other form of assisted public transit to service the area, what you have planned isn't feasible in terms of the density." Surely that's not interfering but is offering your expert advice to the municipality.

If they wish to proceed with their plans, fine. But they should keep in mind that it wouldn't be economically good to try to service them with public transit. I think it's constructive to say to a municipality: "You are receiving money from the province to assist your public transit. Would you also consider setting aside express lanes on some of your wider streets, because that would

assist the use of the buses?" I think that's being constructive without interfering.

Hon. Mr. Snow: We have made that possible. We introduced legislation a year or a year and a half ago that allowed municipalities to designate bus lanes. Metro Toronto has done this with some degree of success. I believe some are working relatively well; others haven't and have been discontinued. Ottawa Transit and the regional municipality are developing bus rights of way, private rights of way or busways, as they call them, that they expect to implement within the next short while. These are designated rights of way like you have for light rail; there will be no automobiles on them. They will be designated solely as bus lanes, leading into the core of the city. If traffic increases to the extent it would be economical, they could be converted from designated bus routes to corridors used for light rail vehicles or some other intermediate capacity system.

Mr. Warner: A couple of other questions then: Would you agree that in terms of the development of good public transit for the future, whether that's subway, light rail transit, whatever, that it would be a very suitable and proper kind of arrangement to have the federal government involved with capital expenditure in major urban centres?

Hon. Mr. Snow: Don't make me laugh.

Mr. Warner: If you could ever wring that money out of them, which they promised but never delivered—

Mr. Ruston: They want to wring it out of us.

Mr. Warner: I recall very vividly in July of 1974 the Prime Minister promising \$280 million, which we never saw. We haven't seen a penny of that election promise.

Mr. Ruston: The Edmonton commitment.

Mr. Warner: He never intended it. We are talking about a very specific thing, and there's no way you can apologize for the Prime Minister on this one. He very clearly promised \$280 million for public transit in Metro Toronto during that election, and never delivered a penny. My question to the minister though is, if you accept the fact that the federal government should be involved in a major way, and I don't know if that's 70 or 75 per cent, whatever, of capital funds, am I to understand that the province is willing to shift their obligation from capital into operational expenses and, by so doing, reduce the burden on the municipality for operational costs? Am I correct in that?

Hon. Mr. Snow: No, I wouldn't say you are. I think it's very hypothetical to ask

what our position on subsidies would be if the federal government were to come through with 75 per cent of capital subsidies.

Mr. Ruston: They'd cut theirs down. That's what they do now with all their grants.

Mr. Warner: That's probably right.

Mr. Ruston: It's the same thing.

Hon. Mr. Snow: It's a very hypothetical situation and we've subsidized your municipalities for both capital and operating expenses.

Mr. Warner: As a footnote, I agree with your comments earlier about this so-called new agreement that lumps in three kinds of programs. I think we will probably end up with less money out of that than the present arrangements, but I may be wrong. Nonetheless, it's not an adequate response from the federal government.

My point though is that if you were able to get an agreement from the federal government on capital expenditure, are you still not willing to shift your money into operational costs? Would you simply use that hypothetical federal agreement as a way to save money and not support the municipality in terms of operational costs?

Hon. Mr. Snow: You know, your question is so hypothetical and so ridiculous that it's hard to answer.

Mr. Warner: It's a very simple question. If you're going to save money on capital, then surely you'd be willing to spend it on operational costs.

Hon. Mr. Snow: Right now we're putting something in the neighbourhood of \$150 million into capital per year. I guess—well, it all depends on whether you include the GO or not—and this year I think it's \$55 or \$56 million for operating subsidies, and that \$56 million basically pays 50 per cent of the operating deficit of the transit systems. I'm going to tell you that if Ottawa were to come along tomorrow and say they would take that capital burden off our backs and make the 75 per cent contribution for capital, I'm not going to add that \$150 million on top of the present \$50 million for operating.

Mr. Warner: Why?

Hon. Mr. Snow: It would be ridiculous. It would pay four times the operating deficit.

Mr. Warner: Could you not at least meet the commitment of covering those operational deficits?

Hon. Mr. Snow: I have no commitment to cover operational deficits.

Mr. Warner: No? I'm sorry. Could you not make a commitment to cover those operational deficits, if you had that capital?

Hon. Mr. Snow: No, I would not.

Mr. Warner: In other words, all you want the agreement from Ottawa for is to try to save some money and the municipalities won't be any better off?

Hon. Mr. Snow: I'm going to tell you right now, I have no plans to increase the share of operating subsidy. The Ottawa money we were expecting was mainly oriented towards the rolling stock and so on, for GO Transit, which would have allowed us to expand that system and make it much better than we will be able to afford to, now.

Mr. Gilbert: Mr. Chairman, if I might add to what the minister is saying. Quite frankly, going back over the years since we first started talking to the federal government about their possible contribution to both provincial and municipal transit, we have looked at all types of permutations and combinations. To be quite honest, sir, all we have done is spent a lot of money looking at various kinds of systems, talking about proposals with municipalities and what have you, and, as the minister said, they were all for naught. We have gone through the exercises back and forth and they've amounted to nothing.

Mr. Warner: I fully appreciate that.

Hon. Mr. Snow: Just a moment now. One of the proposals of the federal government was that they would pay for 100 per cent of the new railroading stock. That would have included the \$40 million for the new double-decker GO trains that we're getting now. They were ordered three years ago based on a federal commitment, from John Marchand to John Rhodes, to pay for them. Of course, that has not been lived up to.

They were to pay 50 per cent of the cost of stations, which would have been 50 per cent of the new GO stations, that we're developing and rebuilding. That probably would have included 50 per cent of Union Station's upgrading, plus the new Eglinton, Rouge Hills, and other stations that we're doing.

Another segment was 25 per cent of municipal bus rolling stock. If Metro Toronto, or North Bay, or anyplace goes out and buys ten new buses for their system, providing they first of all, show that they need the equipment, we pay 75 per cent of the cost of that new rolling stock. The federals come in with a proposal that they will pay 25 per

cent of the cost of rolling stock. The question immediately comes up: what does this do? Does this 25 per cent replace the municipal 25 per cent and do we continue to pay 75 per cent, so that, in other words, the transit systems could throw away buses? They would have no capital costs. But we never had to deal with that problem.

It could have been that their 25 per cent contribution comes off the top, maybe then we would have paid 75 per cent of the remaining 75 per cent. That would have cut down the municipal request and also some of our expenditures. It would have allowed us to allocate that funding to other areas of transit or our total transportation system. But we never had to deal with that problem because the federal money never materialized.

Mr. Warner: It seems to me, Mr. Chairman, that in the case of Metro Toronto, where the development of the system is going to be very expensive and where increases in fares are going to continue over the next five years, making it the most expensive public transit system in North America, one way out of the dilemma would be to have a commitment from the federal government on capital expenditure and have the province shift its money from capital into operational expenditure, thereby stabilizing the fares and perhaps reducing them.

From your comments, however, should we be able to wring those dollars out of Ottawa—and heaven only knows how difficult that is, no one expects federal Liberals to live up to election promises—the province would use it as an opportunity to save some money. The municipalities would not get any more money and the fares would continue to go up. So I'm playing in both your houses.

Hon. Mr. Snow: Not necessarily. If there were a major input from the federal government in transit, we would have to reassess our overall system. But I'm telling you I'm not laying awake at night figuring out how to do it at this moment, because I don't expect this to happen tomorrow or next year. I wouldn't doubt that when we get another federal election next summer we may get another promise from the front steps of the Toronto Dominion Centre, but right now I don't know.

Mr. Chairman: Mr. Warner, if you'll stick to the text and carry on, please.

Mr. Warner: Yes. Perhaps the minister will have to re-examine his statement on page 7, then: "I expect efforts will be intensified to encourage people out of cars and into transit facilities, especially as the energy problem becomes more serious."

I'll tell you right now that if those transit fares continue to skyrocket, people are not going to get out of their cars and into the transit facilities in Metro Toronto.

Hon. Mr. Snow: Transit fares are still the greatest bargain in transportation. They haven't in any way gone up at the rate of the cost of operating the passenger car.

Mr. Warner: You and I both know that the ridership on the TTC will continue to go down as fares increase over the next five years.

Hon. Mr. Snow: That is not necessarily correct.

Mr. Warner: It has happened in the past and I suspect it will continue to happen again. I know my colleague has a question.

Mr. Young: Perhaps we should finish with Mr. Warner. Mr. Ruston may want to continue with this too.

Mr. Warner: Perhaps the best thing is for me to finish up. I have one last item to raise. It should only take about two minutes. With regard to page 14 of your statement, could I have a more definitive explanation? You say: "We have begun to take steps to contribute more to provincial objectives in the area of privatization." Specifically, what is it you are going to do? Are you going to sell off the bus routes? Are you going to sell GO Transit? What do you intend to do?

Hon. Mr. Snow: We have been carrying out more and more work in our construction and maintenance program by way of contracts with the private sector. We also contract the operation of the GO buses. I don't know whether you would call it the private sector or not, but they are contracted to a major degree to Gray Coach, and one other operator who operates some of the GO buses.

We contract the operation of the GO rail trains to CNR and will be doing so with the CPR on the new Milton-Streetsville line.

Mr. Gilbert: We are also reviewing, and have been reviewing during the past year, a number of different operations within the ministry to see if some of the things we are doing right now by using our own staff could be done more cheaply by using the private sector.

For instance, let's take the maintenance of some of our specialized equipment. The types of questions we are asking are: is it really necessary to have staff expertise within the ministry to look after this specialized equipment if there are private sector facilities available.

We are looking at our operations within our organization in audio-visual work, photography and all these areas. We are also looking at design to see whether we should be

employing staff as much as we did in the past. In the past, we tended to use staff somewhere around the normal. When we got beyond the normal we would put the work out to consultants. We have a lot of excellent consultants available in the province, as you know.

Hon. Mr. Snow: We are talking about highway design right now. Rather than having full-time public servants to do all our design within our own ministry, we use staff to a certain level in-house and everything above that is let out to the private sector to design.

Mr. Warner: Is it tendered?

Hon. Mr. Snow: We don't tender engineering design really.

Mr. B. Newman: Specialists in the field are very limited; is that it?

Hon. Mr. Snow: No, we use a very broad number of consulting firms around the province for doing design work. When we get into some of the major interchanges and major freeway design, then there are probably four or five firms that have the expertise and the capability to do that. But for regular highway design, for reconstruction and structures, there are many consultants around the province to whom we let out this work. We follow Management Board procedures on the hiring of these consultants.

Mr. Warner: I wanted some explanation—it just sits there on the page without any explanation. For example, should the cabinet decide to approve of the American takeover of Gray Coach, does that signal the beginning of more similar kinds of activities in an effort, in your terms, to privatize the bus service routes and to do away with public transit? I don't know how far you are willing to go, and how much of our Canadian publicly-owned transit system you are willing to dismantle—to allow the Americans to purchase.

Hon. Mr. Snow: We are not dismantling any of our transit system—

Mr. Warner: Outside of Gray Coach.

Hon. Mr. Snow: —but we do believe in the public sector. As far as I am concerned, we treat Gray Coach as a private company who contract with the ministry through TATOA for the operation of bus routes, and Gray Coach have done the maintenance on a lot of our rolling stock. This will change in the next year or so. We will get into this, I am sure, in the TATOA discussions this afternoon. But Gray Coach are losing their maintenance garage in downtown Toronto and it is costly for us to bring the buses into downtown Toronto. Most of our GO buses

are now turning around, for instance, at the Spadina subway Yorkdale Plaza terminal and at Finch and at different terminals. We will be bringing fewer buses into the downtown core, and will be building a new bus maintenance facility in the Downsview, North York area.

Another example is the operation of the norOntair air services where the government owns seven Twin Otter aircraft. But we contract three or four different operators for the routes; I think one operator now has two routes. So there are four separate contracts for the supplying of the staff and the maintenance to operate those aircraft, the same way as CNR operates the GO trains. We own the locomotives and the rolling stock and CNR operates them. CPR will operate on their routes, the same as Travelways, I guess it is, operates some of the GO Transit buses in the northeast segment. Most of the others are operated by Gray Coach.

We do not contract, for instance, snowplowing. We have our own equipment for snowplowing. But we do contract out in southern Ontario the major portion of the sanding. Rather than keep trucks around, our trucks are on the snowplows, so we call tenders for sanding contracts. We own the sanding equipment and the contractors supply the chassis which they use for some other purpose during the summer; they contract with us for that equipment in the wintertime to do sanding.

That is more economical for the taxpayer than it would be if we ran all that equipment and hired our own staff. We are contracting grass-cutting along the major rights-of-way like 401 and so on. We still do some of that with our own crews, but we contract out 10 miles to this fellow, and 10 miles to someone else—calling tenders on it—which is more economical than us having our own equipment and staff to do it. That's how we utilize the private sector wherever possible.

Mr. Warner: I also appreciate efforts at efficiency. I won't take up any more of your time.

Mr. Ruston: As we are talking about main office, I had some general things with regard to policy of the minister in highway construction. Are we going to get into each individual vote? I see now we have been on Metro transit and so forth, so I suppose we can hit all phases of what we are doing.

Hon. Mr. Snow: I just answer the questions as they come. Highways come under the provincial roads program vote, and if you want to discuss individual projects or if you

want to discuss general policy, I presume we can do it here.

Mr. Ruston: I might briefly say something with regard to transit in the major centres. If you look at the price of riding transit in Metropolitan Toronto and the amount of miles a person may ride, it has to be the most economical way to get to work I know of. For 50 cents you can ride—

Hon. Mr. Snow: Forty cents, I believe.

Mr. Ruston: Five tickets for \$2.

Hon. Mr. Snow: Five tickets for \$2. For 40 cents you can ride from Scarborough to Etobicoke.

Mr. Warner: Until January 1.

Mr. Ruston: You can go 15 miles without any fare problem. If somebody thinks that's an expensive way to go to work, he had better get to work the way I have been going and many of my friends have for the last 30 years. They will realize that if they have to own a car and drive it 30 or 35 miles a day, heaven help them, they will want a \$10 a day raise to cover the cost of getting to work. If anybody thinks 50 cents a day or \$1 a day to get to work is expensive, he ought to have another think. With the new income tax exemption that is being fought over in Ottawa right now, where everyone will be allowed a \$250-exception each year for getting to work it would mean that in Toronto one would be able to go to work 235 days a year, which is the amount the average man works, and have a total exemption for income tax purposes.

We are subsidizing the system by \$28 million, but no one is subsidizing the people very much who are getting to work in many of the rural areas or semi-rural areas or small towns, I can tell you. I am just not sure that I am not glad the Prime Minister went back on his word in Ottawa and withdrew some of the money he was going to give for urban transportation, because I think there are many other people who are paying a lot more to get to work than the people in Metropolitan Toronto.

I know you have to have transit and you have to have subways. We are aware that in Toronto we have probably the best subway system anywhere. You certainly have to have it, but the other thing we have to consider as we keep expanding it is: are we compounding the problem we have now to a point where we will never really solve it? What I mean is if we are going to continue to encourage Metropolitan Toronto to build and expand its population at the rate it has for the last 20 years, I don't think we will

ever solve the problem of mass tie-ups in traffic at particular times.

That means a whole new outlook and a whole new attitude of government as to what direction it should be going and what direction it should be trying to get people to go in moving immigrants or new jobs and so forth into areas other than what we call the golden horseshoe area. I suppose the annexation of the large tract of land near Barrie may be the direction the government may be taking. I think the Treasurer was directing that that approval be given, and there was some question as to whether he was doing it the right way.

In effect, I agree with that principle. I think we should be looking at Kingston, Cornwall, North Bay and many other areas instead of continuing to compound the problem we already have here. I, personally, don't think you will ever really solve it and make it much better than it is now even with improving the transit system. That's from a layman's point of view.

I really think you have not solved it that much in the past 10 years and I don't think it will be possible to do so, if we continue to allow the population to grow as much as it has in this area.

Hon. Mr. Snow: I might say the ministry tries to respond to the transportation needs, not only of Metropolitan Toronto but of every city, town, township and county in the province of Ontario. Every municipality has different needs. We've spent a good deal of time talking about the transit in Metropolitan Toronto and that's a very important segment of our ministry operation. But we also fund transit to a high degree in Windsor, Sarnia, London, Peterborough, Ottawa—wherever.

Mr. Ruston: I'm glad you mentioned that, Mr. Minister, because in Windsor your transit operating deficit—

Hon. Mr. Snow: Not only that but highway needs also. We're doing major highway work in the Windsor area for instance—in your area. We have another major contract out right now on the E. C. Rowe expressway, which would probably have been built by now except that we had months and months of delay in getting the grade separation approvals. I believe the tenders close on that contract today or a week from today, one or the other. Today, I believe.

Mr. Ruston: I know. I always felt the E. C. Rowe should have been built years ago, but there were a number of hold-ups. I know that was one of them.

Hon. Mr. Snow: Tenders have been extended. It was to close today.

Mr. Ruston: There were some local councillors, I think, who objected to it to some extent and that caused some of the hold-ups too. But I see that in Windsor your subsidy allocation was \$925000 and in Metropolitan Toronto it's \$28 million. If you just look at those figures and that's about \$4.25 per capita in Windsor and about \$10 per capita in Metropolitan Toronto. That can be taken whichever way you want to, but it doesn't look that good for some of the cities.

Have you made any major decisions lately or formulated any policy with regard to tandem trailers, pup trailers, and double bottom tankers? I noticed some in Toronto but I must admit not many compared to some other areas. They have banned them already in some states in the United States. In other areas they are thinking of banning them, or inspecting them very closely. Many of these tandems have caused serious problems in Detroit and that could very well happen in Metropolitan Toronto. Maybe we have been lucky or maybe we have a better system of checking on them, but that's something that concerns me a great deal, since I use the highways a lot.

I see some pup trailers that have short hook-ups—some of them are very, very short and others run, just by a guess, 12 or 14 feet on the hook-up on the pup. In any kind of emergency stop, I'm telling you, they can really react and move in weird ways. So I'm concerned about the safety of pup-trailers, especially the ones with tankers.

Is there any new construction as far as highways are concerned? Have you got any particular policy?

Hon. Mr. Snow: Do you want to deal with one thing at a time? With regard to pup trailers, we are very concerned with safety on our highways with all vehicles. Following the tragic accident at Barrie about three or four years ago where a pup trailer was involved, the ministry has carried out a considerable amount of research and monitoring of these multiple units—trains, whatever you wish to call them. We have a research project down at Centralia airport, using some of the runways down there for testing.

I noticed on television, CTV, about two or three weeks ago, quite a good article on our research and testing down there. We've repaved a portion of the runway to make it as close to an average highway as possible. We spray it with water and do skid control tests with anti-jackknifing devices in

the units to see if there is any improvement in design, or anything, that we can do to make the vehicles safer on the road.

I think our research would show that the pup trailers have not been a safety hazard. There doesn't seem to be any indication of a higher accident rate with those than with any other vehicle. Quite often when there is an accident involving a pup trailer, it is drawn to everyone's attention and perhaps gets more publicity.

The length of the hook-up depends on the overall length of the vehicle. Our present law states the maximum length of the vehicle is 65 feet. We have, at the request of the trucking industry, been giving temporary permits for 68-foot lengths to accommodate trucking units from western Canada coming into Ontario. We've been monitoring that; we find no safety problem with it, and in the legislation that's before the House now, we do provide for an overall length of 68 feet 11 point-something inches, or 21 meters. That satisfies the needs of the trucking industry to spread their load and allows a longer hook-up between the trailers. It spreads the load over the road more; it does less damage to the road and makes for a safer vehicle. So we've provided for that in the new legislation.

Mr. Ruston: Are you increasing the maximum load as well?

Hon. Mr. Snow: No, we're not. It's a very complicated piece of legislation, but it is about 10 per cent as complicated as the present legislation with the bridge formula. The whole purpose of this is to greatly simplify the legislation pertaining to weights, and axle weights, and make it easier to enforce this legislation.

There are some cases where individual axle combinations, properly designed units, may get more weight in some circumstances. But the gross maximum allowable weight is still 140,000 pounds.

Now you wanted to discuss highways, I think.

Mr. B. Newman: Mr. Chairman, could I ask—concerning the tandems, while we're on them, rather than refer to them later again—Is the minister aware of the problem the state of Michigan is having as far as these tandems and the pups and so forth are concerned? In fact the Michigan State Police in checking vehicles travelling their highways, checked 83 tandem rigs in a week, and only 19 passed their inspection. Is our inspection far more advanced, more progressive in this area?

Hon. Mr. Snow: As far as I know we are in Ontario at this moment, and I'm not responsible for checking trucks in Michigan.

Mr. B. Newman: No, you don't have to explain that to me, Mr. Minister. I'm asking you the question: Is our checking and are our requirements far more rigorous than the state of Michigan's?

Hon. Mr. Snow: Maybe Mr. Humphries or Ian Campbell would know what their standards are. But in Ontario these vehicles travel over our truck inspection stations and they're checked very rigorously. I periodically get complaints from trucking operators. I had one the other day. A truck went to an inspection station and the tie rod ends would not pass and they would not allow the truck to leave the inspection station. They had to send a mechanic from Guelph down to Beamsville or Grimsby or someplace to make the necessary repairs before they would allow the truck through. There was another instance where they had to put new tires on a truck before it was allowed to go back on the highway because its tires were below the minimum standard.

We do a lot of inspection. We get some complaints from the industry. I heard the story of the trucker having to bring out eight new tires to put on his unit before he could move it and I checked into it personally. The president of the trucking company had nothing but praise for our staff and the OPP that were involved and said we were perfectly right. The truck was below standard and he wasn't criticizing us at all for putting him to that trouble.

Mr. B. Newman: Mr. Minister, I'm not criticizing you people either. I'm just wondering whether we are further advanced in our inspection procedures and whether our requirements are far more stringent.

When I look here, they make mention that inspections of 435 tankers carrying hazardous cargo turned up 2,674 safety violations. Those inspections included 324 of the so-called double bottom tankers with only 97 passing the safety test the first time and 127 the second time. Are we far more sophisticated in our inspections? Do we require a greater standard of safety than they do over there?

Mr. Humphries: Sir, we have a report which breaks down our inspections over the last year. We have inspected, I believe it's about 47,000 commercial vehicles. The statistics we have gathered from these inspections indicate the type of defects, and they are broken down into types of commercial vehicles. That report has been recently completed, it's available, and I would be pleased to send you a copy, which gives you a pretty definitive look

at the commercial vehicle inspection program.

I think the Ontario Commercial Vehicle Inspection Program is as good, if not much better, than you'll find in almost any jurisdiction. In Michigan, if you look at the accident situation in pup trailers, I think, you've got to look at it in two respects. One, the fitness of the vehicle and secondly, the configuration.

Michigan has a very peculiar weight law which promotes the use of many, many axles which has a lot of effect on the safety of the operation of that vehicle.

I'm sorry I cannot comment on the standard of their truck inspection program.

Mr. McGuigan: Mr. Chairman, could I ask at what point is inspection carried out?

Hon. Mr. Snow: At the truck inspection stations, mainly on the scales.

Mr. McGuigan: At the scales.

Mr. Humphries: Also, sir, we go into the freight yards and examine the vehicles at the operator's base.

Mr. McGuigan: The reason I ask is I've driven trucks through the scales for many, many years and I've never been inspected. Is that only recently?

Hon. Mr. Snow: When did you quit driving the truck?

Mr. McGuigan: The last three or four years.

Mr. Humphries: The program has been very active in the last two years.

Mr. Cunningham: May I ask a question. It relates to our move to reciprocity. Are you involved, through the International Registration plan or through the various regulatory conventions that you have, in standardizing or talking about standardizing safety?

I'm concerned that, if we have plate reciprocity, we're going to get some vehicles from some states which aren't all that stringent or all that concerned. We're going to have vehicles travelling on our highways, albeit very periodically, that are unsafe.

Mr. Humphries: The International Registration plan has nothing whatever to do with vehicle safety nor with any agreement among jurisdictions on vehicle standards or vehicle safety. American vehicles, wherever they come from, are treated exactly the same way as Ontario vehicles. We had an inspection lane in Windsor, about six weeks ago, which produced some rather startling results with the number of American vehicles which we took off the road at that time. So there is no different arrangement for a non-resident vehicle or a resident vehicle. They are all treated exactly the same way.

Mr. Cunningham: I wasn't implying that, sir. What I'm concerned about is in Ontario here, our trucking companies and the people in the industry are aware of our very stringent standards. Some of them are also very well aware of the weigh scales and the inspection programs, and sometimes they get around them, but on balance it's an excellent program and one that should be continued. Our friends in some states do not have the same kind of standards that we have and they do move into this country.

Hon. Mr. Snow: When they come into this country and get stopped and told their tires are under standard, they'll have to buy new ones and put them on so they'll soon learn the rules.

Mr. Cunningham: That's fine if they get stopped. How many don't get stopped?

Mr. Humphries: A non-resident vehicle coming in from the States is a much more captive vehicle, so far as our inspection program, than other vehicles are, because we can concentrate on entry points and deal with them in those locations. In fact, at any one of those entry points, at any time, we could capture every vehicle that goes through.

Mr. Ruston: As far as new construction, Mr. Minister, we had a number three bypass commenced about five years ago; then it was stopped. The property was purchased and there's been nothing done for about five years. Do you feel there is going to be money to continue this or is it at a standstill for the next number of years? Are you just going to repair the highways you have?

Hon. Mr. Snow: Where is this bypass?

Mr. Ruston: I'm speaking of number three particularly.

Hon. Mr. Snow: Number three runs between Fort Erie to Windsor I believe.

Mr. Ruston: Yes, well this would be a bypass. You purchased the property between Windsor and Leamington and you did about eight miles five or six years ago. Are you anticipating that funds may be available to finish this project in the near future? Or is it the general policy to get away from it?

Hon. Mr. Snow: It's a case of priorities and funding. I wish I had that chart here. We have about \$200 odd million this year for provincial highway construction; it might be slightly more. I'm dealing with next year's budget right now. When you look at it, as far as true dollars are concerned, I think seven or eight years ago we had about \$175 million for highway construction—I have a set of figures that gives you that right across for every year—right now, we would have to

have about \$300 million in our capital construction budget for next year to allow us to do the same amount of construction as we did five, six or seven years ago.

So our budget has not decreased in dollars. It was about \$200 million last year, the same this year and probably will be next year, but construction costs, labour costs, and especially asphalt cost, took a terrific jump three years ago. So, in many cases where we had planned to reconstruct certain highways—and it's probably still the best plan in the long-range—we have had to pull in our horns a little and instead of reconstructing, perhaps do a resurfacing job on certain sections, just to save money. That's the main reason.

There are numerous places around the province when we used to buy property further ahead of time; where we've bought property

for widenings, straightening out corners, intersection improvements. They'll probably still be done at some time, but they've not been done as quickly as they normally would have been, if we had a higher level of funding for that program.

Mr. Vice-Chairman: Mr. Minister, it's 12 o'clock. The committee will reassemble at 1 o'clock. My list shows Mr. Ruston if he has more remarks as the first speaker, then Mr. Young, and Mr. Newman.

Mr. Ruston: That's all I have for now.

Mr. Vice-Chairman: Then Mr. Young will be the first speaker at 1 o'clock.

Mr. Young: At 1 o'clock?

Mr. Vice-Chairman: Yes. We'll be meeting at 1 o'clock until 4 o'clock today here.

The committee recessed at 12 noon.

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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Transportation and
Communications



First Session, 31st Parliament

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Afternoon Sitting

Speaker: Honourable John E. Stokes

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LEGISLATURE OF ONTARIO

WEDNESDAY, DECEMBER 7, 1977

The committee resumed at 1:09 p.m.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS

(continued)

Mr. Chairman: Before we get into the Toronto Area Transit Operating Authority considerations under the ministry, I believe last night that Mr. Young and Mr. Newman wanted to make some comments on the—

Hon. Mr. Snow: This morning.

Mr. Chairman: I'm sorry, this morning. They wanted to make some comments—

Hon. Mr. Snow: Didn't you know they passed that this morning?

Mr. Chairman: Yes, I did; I was next door. I'm going to make a motion that we put a pipeline through from committee to committee next year, so we can keep track.

Hon. Mr. Snow: Your vice-chairman did an excellent job.

Mr. Chairman: He did? I'm glad to hear that.

Mr. Young: You did a good job this morning.

Mr. Chairman: In any event, this morning Mr. Young and Mr. Newman indicated they wanted to make some comments on the main office; the first item under the first vote. Perhaps with the committee's concurrence we could do that before we start into other considerations this afternoon and get that out of the way.

We will be completing at 4 p.m. so it's taking some time off Mr. McNab. I'm sure he won't mind that.

Mr. Young, Yorkview?

Mr. Young: Yes, Mr. Chairman, just following up the discussion we were having a while ago. I stopped to collect my thoughts and somebody else jumped in and I lost my place. This is pertinent to Mr. McNab's situation too. This morning Mr. Johnston mentioned that exploration is going on to designate certain rapid transit highway routes for the future and to determine what the pattern of those routes shall be for future development.

We have, also, the problem that was mentioned here of funding the acquisition of property. In the municipal field we have always stipulated that subdividers designate certain areas for streets and five per cent for parks for public purposes and so forth. We have not used that principle much as far as rapid transit rights of way and other rights of way are concerned.

Hon. Mr. Snow: It has been done to a small degree. But Mississauga have designated—

Mr. Young: Yes, the sum. What I am wondering is whether or not that general idea might be explored in more detail for future planning.

There are two things here we have to recognize: One; when we do designate an area for future development, rapid transit is going to be essential, or certainly, through routes. We know that around rapid transit stations particularly and along rapid transit routes you are going to have very high density. There must be, to make the service pay for itself.

That means property values will rise dramatically. The land has to be rezoned from agricultural to high rise. You are going to get not only highrise, but commercial and other development there. That means enterprise stands to gain tremendously from the development. The same is true, to a lesser extent, of through highways and major streets.

Surely there is some way we can anticipate that. Property values will be markedly affected and in future, both the person who owns the property, plus the developer, are going to take a slice of that price increase.

If it is known ahead of time land has to be designated for rapid transit lines, the ultimate price is going to reflect that. It will not be as high as under the private developer who gets that land. It would then be rezoned at very high density and he would reap the profits and the government would have to buy that land back for its original purpose.

I just wonder what government thinking is on this, and whether this is not something we should be assessing carefully for the future. If these new routes are known ahead of time, then property values are going to be reflected

in those routes. They will not be as high, but our money is still going to be made. The rezoning and the increased density should provide for the acquisition of that land and therefore you don't need the private developer to do it.

Hon. Mr. Snow: Most of our rapid transit lines developed to date have been through already developed areas, so it is more difficult to deal with on that basis. I agree with what you are saying. When the subway went up Yonge Street, a block or two each side of Yonge immediately became prime development or high density, to feed the subway. This is not under our legislation but under the planning of municipal legislation. Whether the municipality, or Metropolitan Toronto, when they decided to implement a rapid transit line like the Spadina, Bloor-Danforth, or the Scarborough Town Centre line, could designate it as an urban service area—which they do for some purposes—then a special capital contribution to transit on that area could be made. I don't know whether that would be a feasible proposition.

Mr. Young: Well, it's one way of doing it.

Hon. Mr. Snow: It's one way of doing what you are saying—that some people who are going to benefit from higher density zoning, increased property value, should make some contribution to the cost of putting that subway up there. That should be a way of getting a cash contribution to that.

[1:15]

Getting land: Normally in the development of land, of course the subdivider contributes parks and road allowances and builds the roads. Our policy on provincial roads now is any contribution for widening of a provincial road goes up to—27 feet, is it? Some time back we used to pay for all land we needed for providing provincial highways. If a new subdivision is going along Highway 7 for instance, and we see we will have to widen that road allowance in the future, we say that subdivision is contributing to part of the need for that widening. Municipalities have been doing this for some time. Any land we need up to 27 feet off each side—that's 54 feet of land on top of the normal 66 foot right of way, right up to 120 feet—must be contributed as part of the development.

On the other hand, if that development is going to have a 400-foot right of way through its centre for a new expressway, we still designate that as our requirement but we pay for that at the market value of the raw land before development. We cannot say to one developer who may have 20 per cent or 50 per cent of his land used up as a highway, he

should have to contribute all that to the new major artery and others that happen to be missed contribute nothing. But for widening of existing roads we take up to 27 feet now from developers.

In our parkway belt plan, of course, we have provisions laid out in the plan for rapid transit lines going right out from Hamilton into Toronto, and so on. There's a 100-foot designation in that plan for future rapid transit and that land will be held for future utilities, water lines, or sewer lines, but mainly rapid transit. That covers everything in the parkway belt from Markham to Hamilton, including a line in and around Malton airport and so on.

Mr. Young: We are going to hit this though on some of the north-south corridors as far as rapid transit is concerned, in the future in Metro and other cities reaching out where development does take place. It seems with rapid transit we have got to plan way ahead.

Hon. Mr. Snow: Do you have any comments to make on this, Gerry?

Mr. Johnston: About the only comment I could make was this business of advance identification of what the transit ways should be and protection of those corridors that are an element of the planning at this time. Right now, the regional municipality of Ottawa-Carlton are finalizing their transit ways. As soon as they have completed that exercise, we will then move into a designation of those routes by order in council. That gives them the powers and the financial assistance from the province for the acquisitions.

Hon. Mr. Snow: How will you acquire those corridors?

Mr. Johnston: They will be acquired by the municipality under a 75 per cent subsidy by the province for transit capital.

Mr. Gilbert: You would say, Gerry, that in Ottawa it's a little different because we are dealing with the National Capital Commission. It appears there we are going to have a trade-off with them in providing facilities for some of their development.

Mr. Johnston: There's a large variety of ways of raising funds. In the States they have special levies against property owners and businesses for funding transit improvements and so on, but that is not being considered as the best method here at this time.

Mr. Young: It seems to me that kind of forward planning ought to have tied in with it somehow taking part of the tremendous increase in land value to help pay for transit routes. We were told this morning there just aren't the funds now to acquire this land ahead of time, yet there is no reason why

increased land value should not be tapped—to some extent at least—to help acquire that land. That's the point of view I wanted to express.

Hon. Mr. Snow: One thing we ought to imprint: In our new rights of way for the new major highways we are purchasing much wider rights of way now than, for instance, when 401 was built around the north of Toronto. Even I am old enough to remember that; Cam McNab can.

Mr. McNab: I do.

Hon. Mr. Snow: All the problems and extensive costs of widening that highway through demolition of buildings, constructing retaining walls and everything to stay within a right of way could have been avoided. If that extra couple of feet of right of way had been purchased at the time that highway was built, it would have saved many, many millions of dollars. Now when you see a right of way on, for instance, 410 or 403 it's quite wide.

You also get into the conflict of land use, of infringing upon agricultural land by taking too wide a right of way. So you're damned if you do and you're damned if you don't.

When we opened Highway 40 a couple of weeks ago, from Sarnia to Wallaceburg, part of it was built four-lane and part of it was built two-lane. We have the right of way for four lanes all the way through, but a goodly part of the right of way has only been fenced for the two lanes.

In other words, we own property which is fenced and appears to be part of the farmer's field. He can actually continue to farm the land as part of his field but we own it and some day we could move that fence back and build the other two lanes. We're taking that kind of thing into consideration; we're leaving the land in agricultural use as long as possible.

For example, 406 is a somewhat controversial little piece of road in St. Catharines which is very much involved with land use down there. In that case we agreed to a lower standard and narrowed the right of way about a year and a half ago. I forget what the actual width is—maybe it was 300 feet and it's going to be 200, something like that, where we won't have as wide a median and so on. We reduced the amount of land that we'll require for the highway and we sort of gave up that safeguard or option to a degree, weighing it off against the land use in the tender fruit land. We decided to build to a little lower standard and not allow for much future expansion because of the sensitivity of the land use down there.

Mr. Cunningham: I wonder if you would permit me, Mr. Young. What's the object of the exercise of putting a highway through that fruitland, anyway?

Hon. Mr. Snow: To carry cars and trucks.

Mr. Cunningham: I enjoy those kind of answers but I seriously—

Hon. Mr. Snow: But I can't answer it any other way. I mean, we have 406 running from St. Catharines down to Welland and it'll eventually go through Welland and Port Colborne. It may not go all the way to Port Colborne but it divides down there; we've adjusted the plan down there to some degree in conjunction with the region of Niagara. We were going to continue 406 through Welland but when we get south of Welland, it will more or less terminate and we'll upgrade two existing highways, one each side of the canal, to serve the Port Colborne area.

Mr. Cunningham: What kind of traffic do you expect on it?

Hon. Mr. Snow: I can't tell you the exact traffic counts. We went through all of this not very long ago.

Mr. Johnston: I believe it's around 12,000, sir.

Hon. Mr. Snow: To get the connection from there up to the Queen Elizabeth, there's a four- or five-mile link that has not been built. Now all that traffic must go through the interior streets of St. Catharines to get to existing interchanges. This follows the valley around and connects into the highway.

Mr. Cunningham: What's going to happen to the fruitland that is on either side of that highway?

Hon. Mr. Snow: That's a matter that has to be dealt with in a local land use planning.

Mr. Cunningham: It sure won't end up being farmed, I'll tell you.

Mr. Warner: Mr. Chairman, I just wonder if we could follow up Mr. Cunningham's last point because it's extremely important.

Mr. Chairman: It's important, Mr. Warner, but it's not really the subject of our discussion this afternoon. I did permit the two members to deal with the item under the main office because they were on the list this morning but as you know, this afternoon we're talking about GO Transit. We're going to try and get there as quickly as we can.

Mr. B. Newman: I hope I'm not too lengthy, but I did want to raise the issue of railway relocation, especially as it refers to my own community.

I am fairly certain, Mr. Minister, you are aware that there are very few, if any, communities in Ontario with Windsor's popula-

tion that have as many level crossings. It would be money thrown away if grade separations were developed in the community without railway relocation studies. There are some areas where you probably would have a grade separation—it's absolutely vital now and maybe the community cannot wait for seven, eight or any given number of years before the studies are completed and implemented. However, when you have approximately 80 grade crossings in the community, you can see the importance of railway relocation.

You also have the riverfront which practically everyone wants preserved as parkland and/or land just left vacant, but before you can do some of that, you have to have the railroad tracks removed. Here you have to have studies on where the new tracks should be put in.

You have the problem of the international tunnel that carries rail traffic between Windsor and Detroit. You have a problem of triple tracking as is the case with CPR in the vicinity of the new Chrysler truck facility.

Mr. Minister, you and/or your officials are aware of the Windsor situation. It strikes me as funny that we have repeatedly sought funding from you when our community was considered one of the communities in which railway relocations studies would be undertaken jointly by the city, the province and the federal government. From all indications back in '75 we were going to have those studies implemented. In fact, at one time it was mentioned that Windsor was one of the four cities in which studies were going to be implemented.

I quote from the July 1975 Municipal World under "Railway Relocation." "Informed sources indicate that the final selection has been made of the municipalities in which pilot railway relocation study projects will be conducted. They are the city of St. Thomas, the city of Windsor, the city of North Bay and the city of Niagara Falls."

Hon. Mr. Snow: Well, first of all when the federal program came out as part III of the—

Mr. Johnston: Bill C-27.

Hon. Mr. Snow: Bill C-27—part III of the federal Act made provision for federal contributions for railway relocation studies and railway relocations. Now, I don't know whether you were here this morning when I gave Mrs. Campbell the history of our financial discussions with the federal government.

Mr. B. Newman: Yes, I was here for most of the time, Mr. Minister.

Hon. Mr. Snow: In any case, it was decided about two years ago, or probably a

little more than that; it was just before I became minister in this respect.

Mr. B. Newman: I think Mr. Rhodes was the minister at that time.

Hon. Mr. Snow: Five municipalities were selected to have studies carried out on railway relocation. As I recall it, the municipal Liaison Committee was quite interested in this. They were asked to put forward recommendations or priorities for the four or five studies to be carried out. I believe they chose not to do this and said to the ministry, "You make the choice." They were not going to do so.

The choice was made. Five studies were selected, including some of those you mentioned: St. Thomas, Brantford, Niagara Falls, North Bay and Sudbury. Then applications were made by those cities to our ministry for funding and were forwarded to the federal government for approval. Three of those studies have been approved. The funding is 50 per cent federal, 37½ per cent provincial and 12½ per cent municipal.

The other two, St. Thomas and Brantford, had been down in Ottawa since January 1977. I believe it was in January 1977 that they were forwarded to Mr. Lang for his approval so the studies could start. That approval has not yet come.

[1:30]

When Mr. Lang made his announcement in October of the joining together—and I don't want to repeat all of that—it's all in Hansard from our earlier discussions, if you weren't here. He announced that all these street programs were being lumped together, the grade separations, the railway relocations and urban transit.

He stated that any railway relocation studies or grade separations that were approved by his ministry prior to September 1 would be funded separately. Anything that was approved after September 1 would come out of the \$16.5 million per year over the next five years, that money to start becoming available April 1, 1978.

In other words, nothing is going to be approved, or no money flow anyway, from before September 1. The three studies that have been approved will be funded outside of that. The two that are not approved yet, that have been down there for so long, will have to come out of that \$16.5 million.

Following that, we had a meeting because I immediately became concerned as to whether it was worthwhile even proceeding with these studies. What really is the use of doing a study if there is no foreseeable possibility of having financial assistance to implement it? There was never any agreement on

what the sharing of funding would be for the implementation of relocations if a completed study recommended some relocations.

I called the mayors of those five cities and some of their officials together a few weeks ago, a week or so following getting that word. We sat down around my desk and discussed what we should do. Should we proceed? Some of the studies had started; others were just waiting the approval to start. Consultants had been selected and in some cases they were working. They all agreed that this was a very severe setback for the program and they agreed that probably there was no money in the foreseeable future to do this work.

North Bay made the very good point that in their particular situation the large amount of land along their lakefront and in the centre of the city that would be freed up by the removal of tracks might be able to be developed and the money that would come from the selling or the developing of that land might pay for the majority of the new rail lines skirting around the city.

After a lot of consideration and with the municipalities expressing their desire to at least complete these five studies we agreed to do so but to cut them down to a minimum in order to save funding at all three levels, all three pots of money. We have agreed that those five studies will be completed and from those reports we will know the ramifications of rail relocation—what the economic benefits to, say, North Bay will be from the land downtown compared to the cost of building the other route.

But we are not proposing to proceed with spending hundreds of thousands of dollars more; it is estimated that each one of these studies will cost about \$300,000. We just don't see spending \$3 million, for instance, half of which would come out of that small pot of federal dollars, to do 10 more railway relocation studies when that money perhaps is going to be needed very badly for grade separations.

So I don't have any thought at the moment of going into more railway relocation studies.

Mr. B. Newman: Who made the final decision as to the municipalities that were going to be selected? It had been pushed over to the municipal liaison committee and it, in the communications that we have, indicated that Windsor was one of them. All of a sudden, when it changed hands and got into the hands of the ministry, Windsor was dropped.

Hon. Mr. Snow: I can't argue this point specifically. I wasn't the minister then, but

to my knowledge the municipal liaison committee did not submit names to us. It left it up to the ministry to make recommendations and, as I recall it, the minister of the day and his officials made recommendations and I believe it was a cabinet decision to approve those five municipalities. Cabinet approved the recommendation of the minister, I believe.

Mr. B. Newman: So the minister made the decision first and then it was sent on to cabinet and cabinet approved it. Were you minister at that time or was it Mr. Rhodes?

Hon. Mr. Snow: Mr. Rhodes.

Mr. B. Newman: What criteria are used in selecting the municipalities? Is it by name in a hat?

Hon. Mr. Snow: I think the five municipalities give a cross section of different types of situations, so that we're not doing studies on five identical situations, we're doing studies on five different types of situations, to give us the best benefit from this money as to what possible benefits and costs might be involved in railway relocation.

Mr. Gilbert: Even then, Mr. Chairman, we had to consider whether it was possible to implement even if the study came out and stated that the railway relocation should take place. The minister of the day was John Rhodes, and his own city of Sault Ste. Marie had done more work in railway relocation than any other city in Ontario, or very close to that.

We thought it was going to be one of the ones most keen to participate in this new program, but its attitude at the time was, "Look, even if it's decided that we should relocate, we just can't see how it's possible to do it even if we would get federal and provincial contributions towards it." We certainly reviewed each individual case. The ones that had asked to go ahead with something submitted proposals and the staff reviewed these cases individually with the municipal officials and made the recommendations based on that review.

Mr. B. Newman: May I have a copy of the comments that you are making as to the way you arrived at a decision, so that we could have the residents in the city of Windsor at least assured that when you made the decision nothing other than justice was used in arriving at the decision? As we are removed a bit, politically, from this part of the province there are always the suspicions that go in the minds of the community, and especially recently when we have an OHIP office closed, when we have the closing of a

hospital and we have everything that seems to be withdrawn or held back from the community, then the suspicions become rampant. I would like to allay the fears and the worries of the residents back in the Windsor area that politics had no part in arriving at the decision not to include the city of Windsor.

Mr. Gilbert: As I said, there were a number of cities that stated an interest in it. We did more work in looking at some of the proposals than we did with others. When you ask if justice was done I just don't know what you are referring to. We carried out a number of reviews of possible railway relocation studies in a number of cities and how they relate to one another is very difficult to say, because there were different problems in different cities and actually we were looking for different cities with those specific problems, as the minister mentioned. In North Bay, as I recall, that was one case where they felt that there was sufficient land. As I say, Sault Ste. Marie was a case where they had actually carried out a study. We thought that was one, but the city declined.

So to give you a series of studies and a series of discussions that took place with each municipality, it was not a case of having a piece of paper and going to each one and marking the criteria—which maybe you thought I meant when I made those remarks—it was a review with all the cities that stated a definite interest in going ahead with that program that led to the recommendation that resulted in five cities being chosen.

Mr. B. Newman: My information reads: "June 16, 1975, meeting in the Hon. John Rhodes's office, city manager and mayor assured that Windsor was included in the group of four cities recommended for railway relocation study by cabinet.

"June 20, meeting of municipal liaison committee in Toronto, the Hon. Darcy McKeough left the table to approach the city manager and mayor, assured us that Windsor was in the group of four cities chosen by cabinet for the first railway relocation study."

When I read those two things and then find out the end result is that Windsor is not selected, what conclusion could a resident in the community arrive at?

Hon. Mr. Snow: You can't come to the conclusion that it was a political decision.

Mr. B. Newman: What conclusion could you arrive at? You are not giving me the criteria by which you have decided that one should not have been and the other should have been selected for railway relocation studies. I can read article after article from

my own local press that indicates that Windsor was one of the cities that was going to be selected for railway relocation studies, but it does not end up that way.

Hon. Mr. Snow: As it turns out I don't think they have lost very much. In fact, they have probably saved some money. I am still not convinced, although we have agreed with the municipalities to proceed and complete these five studies, I am not sure it is the best use of our available funding at this time.

Mr. B. Newman: You may be right, Mr. Minister, but the community gets promise after promise that it is going to be one of the communities that is going to be selected—and all of a sudden it is dropped. Do the feds have any responsibility after you have made the decisions? You make the decision and then they allocate the funds, is that right?

Hon. Mr. Snow: The municipality makes the application.

Mr. B. Newman: Right. Then you decide which of the municipalities—

Hon. Mr. Snow: It was agreed that we would fund five municipal studies. The municipalities prepared their applications, sent them to us, we endorsed these and sent them through to the federal government, which has approved three of the five. The other two have not, as yet, been approved.

Mr. B. Newman: All right, but the feds approved only three of the five that you selected or submitted to them. They could not change by putting some city in there that had not requested it. They would follow your recommendation.

Hon. Mr. Snow: They certainly could have come back to us. They do this on railway grade separations. The most famous one I can think of is the E.C. Row Expressway in Windsor. As you know, that's a joint project between the city of Windsor and our ministry. We applied under part III of the Act for funding for those grade separations. That has delayed the calling of the tenders on that project almost a year.

Finally, Mr. Lang denied that, while approving some others on the advice of his advisers. I don't think it was a political decision, because—

Mr. B. Newman: I can recall you discussing it with me at one time, Mr. Minister, and I followed up, just as you had suggested I do—

Hon. Mr. Snow: —they denied that and said they would, however, consider funding under part II of the Act, which gave us about \$1 million less money towards that major project. We went back to the city and said the federal government had denied the

funding under part III of the Act but suggested we apply under part II.
[1:45]

We pointed out to the city this would mean \$1 million extra expenditure, of which 25 per cent would be the responsibility of the city. What did they suggest that we do? They came back and said, "We suggest you apply under part II and we will pick up our 25 per cent." The application was resubmitted under part II of the Act, and I presume was approved, because we have now gone ahead and called tenders on the project.

Mr. B. Newman: What can the city do to have itself included in railway relocation studies if it wished to have itself included at this time?

Hon. Mr. Snow: If at some time in the future further railway relocation studies are undertaken then we would be prepared to consider Windsor. I do not propose at this time to undertake any further railway relocation studies in the foreseeable future. I cannot see spending a lot of \$300,000 sums here and there to do studies. We're cutting down a great deal on studies of different types, even roads-needs studies and everywhere possible. We feel we must use the funds we have available in actual improvements from which people can get value for their money, and improve roads they can drive on, rather than have a bunch of studies collecting dust and have no money to implement them.

Mr. B. Newman: The only thing is you prevent development in a community. Surely you wouldn't want a community to go ahead and continue without railway relocation studies? For example, we'd like to beautify the riverfront.

Hon. Mr. Snow: I think the municipality can make some plans on its own, maybe not for such extensive studies, but maybe the municipality can build in some protection or some options for the future in its planning.

Mr. Gilbert: The transportation studies would cover that, would they not? Maybe, I could ask Mr. Johnston to comment on that.

Mr. Johnston: As you are aware, sir, there was a concept study done originally, under 75 per cent subsidy from the ministry, which identified some opportunities for highway relocation.

Mr. B. Newman: Is that the De Leuw Cather study?

Mr. Johnston: Yes. It's the one some time ago. Because of the fact that it was decided to go on the basis of pilot studies to better understand the Act, the ministry this year is

assisting Windsor in additional transportation planning, I believe there's around \$40,000 of provincial assistance to Windsor in trying to establish what it should do at this time with its transportation system plan.

Mr. B. Newman: Would your ministry consider the De Leuw Cather study sufficient information for the city to go ahead in any of its future planning?

Mr. Johnston: No. There must be additional detailed planning followed up from that.

Mr. B. Newman: Followed from that?

Mr. Johnston: We're now working to the best of our ability—with what we have to work with.

Mr. B. Newman: Who is responsible for the additional planning? Is it the municipality or you people?

Mr. Johnston: It is the municipality.

Mr. B. Newman: Is there a funding formula with the municipality for further studies if it was not selected under the railway relocation studies?

Mr. Johnston: Yes. We are assisting them to the extent of 75 per cent of the cost of the studies.

Mr. B. Newman: Thank you. I only wish that the government would have followed through in its promise back in 1975. At least some of the studies would have been underway and the municipality would not be involved in substantial outlays of money in developing grade separations, which it will have to do if it intends to have a better style of development throughout the community.

Hon. Mr. Snow: I assure you we take our promises much more seriously than some others and it was based on these commitments we made to the five municipalities that we're continuing with those studies right now.

Mr. B. Newman: Mr. Minister, maybe you do—I'll accept that—but the experiences I read into the record here don't indicate your government did. Thank you.

Hon. Mr. Snow: I'm not sure you're right on that.

Mr. B. Newman: Disprove me. That's all.

Mr. Chairman: Thank you, Mr. Newman. We'll now proceed with the consideration of GO Transit under vote 2505.

On vote 2505, provincial transit program:

Mr. Davison: Mr. Minister, could you tell me how many GO trains run directly into Hamilton on the five weekdays and two days on the weekend?

Hon. Mr. Snow: You don't need that answer, surely. You're not serious?

Mr. Davison: I'm quite serious.

Hon. Mr. Snow: For the last 10 years there have been two trains in the morning and two trains in the evening five days a week.

Mr. Davison: In your ministry, do you consider that service meets the needs for rail transit from Hamilton to Toronto?

Hon. Mr. Snow: Those services are all that we are capable of putting into Hamilton with the existing infrastructure at this time. We have supplemented that service, to a great degree, with buses interconnecting with the trains. We do have studies under way with the CNR to extend the Lakeshore commuter service—probably not the full service but what we call full service for the off-peak trains.

But I would like to see us get about five trains, morning and evening, through on the complete Lakeshore route. We've been waiting for CNR. They were supposed to give us a report in July of this year as to what line improvements and additional trackage would be necessary and what the estimated capital cost would be to improve the tracks and signals and create the necessary capacity to extend that service through to Burlington and to Hamilton. That date was set back to December and I don't know what it is now. Some time next year we're to get that information.

Mr. McNab: January.

Hon. Mr. Snow: In January, is it? We've also been talking to CPR about using some of their right of way—have we not, Mr. McNab?—into the other station in Hamilton, the TH and B.

Mr. Chairman: Mr. McNab, for the purposes of Hansard would you speak into the mike?

Mr. McNab: Yes, it would be utilizing the TH and B station. But I think you have to go a little bit further than just say there are two trains. Because what we have, in essence, are connections to the full GO train service now coming out of Hamilton. This will be greatly improved with the extension to Burlington, where it will be cross-platformed. In Oakville we meet all the Oakville trains with Hamilton buses.

Mr. Davison: Unless it snows.

Hon. Mr. Snow: Trains have been delayed in the snow, too.

Mr. McNab: The trains are a bigger problem right now in delays than the buses are.

Mr. Davison: You use the word "supplement" when you refer to buses in terms of

GO Transit. Do you use it as in supplementing service and referring to the schedule of buses meeting trains in Oakville? Or do you use it when you're talking about the bus service that Go Transit runs from Hamilton to the Elizabeth Street bus terminal in Toronto?

Mr. McNab: It's all supplementary to the rail. You could say the rail was supplementary to the bus, sir, but in the terms that we're using it here we're using it in respect to those buses that are interfacing with the trains at Oakville.

Mr. Davison: Okay. The problem of the lack of trains running into Hamilton is, I think, genuinely recognized by the minister and is something that seems to be reasonably high on the ministry's priority in terms of delivering better—

Hon. Mr. Snow: I'm informed we have a very low ridership out of Hamilton on those trains.

Mr. Davison: That's probably largely because of the fact that they don't meet the need. If you meet the need, then you probably will increase ridership dramatically.

Hon. Mr. Snow: We had a report on this recently. How many riders per day out of Hamilton use the two trains?

Mr. McNab: About 150. I think you'll have to look at the time schedule, comparing the bus and the train and it's very close. It's a relatively easy interface. The buses have the advantage of starting their trip in Hamilton in the CBD closely adjacent to the local transit services. Whereas we, as train operators, would certainly like to have trains running in there, I don't think you would see a great improvement to the service being provided.

Mr. Davison: Oh no, we have just had the minister going on record as saying that he thinks a more adequate service would be five in the morning and five in the evening.

Hon. Mr. Snow: To Burlington.

Mr. Davison: Oh, did you mean to Burlington?

Hon. Mr. Snow: At least as far as Burlington. We haven't got the problem sorted out as far as the Burlington station goes yet. The problem gets much more severe between Burlington and into the city of Hamilton.

Mr. Davison: You do say—correct me if I am wrong—that it would be nice to have five in the morning and evening?

Hon. Mr. Snow: If there is utilization for them.

Mr. Davison: And I would suggest you'll

find that ridership will increase dramatically if you provide an effective service.

Hon. Mr. Snow: There's only a certain number of people, though, travelling from Hamilton to Toronto.

Mr. McNab: The service was set up originally for a commuter service. The basis of a commuter service are those people going into Toronto to work or coming out from Toronto to work, and there just isn't a high volume. Once you get beyond Oakville and Burlington it ceases to become a commuter service to any appreciable degree.

One of the big problems we have had right from the outset is the capital improvements required to operate trains into Hamilton beyond the two that—I think the estimates back 10 years ago were something in the neighbourhood of \$35 million or \$40 million dollars to upgrade that plant to the point where the railroads would allow full commuter rail service into Hamilton. So that is when we made the conscious decision to provide an equal service with buses. When you start hauling full train consists to make it viable and to be able to justify it from an energy standpoint, you have to have high volumes of people. It's very labour sensitive. It requires at least four- or five-man crews hauling this equipment around to carry just a relatively few number of people and it just doesn't add up economically. Certainly with a capital expenditure from Burlington into Hamilton, either to the James Street station or the TH and B station of something in the neighbourhood of \$40 million, it is very questionable.

Mr. Davison: I thought the minister was on record as wanting to get more rail service to Hamilton. Perhaps I misunderstood him.

But you can't base a projection on the number of people currently taking the two trains that are scheduled into the city per day and extrapolate that and say that we can't justify five trains in the morning and five trains in the evening. You have to look at figures in terms of who is driving cars between Hamilton and Toronto and what times of the day they are driving them and how many people are doing that. You have to look at the other side of it—at who is using the bus system. Would those people be willing to use the GO system? We can't simply not justify anything on the basis of current usage.

Hon. Mr. Snow: I think you are assuming that the bus system is an inferior service to the rail.

Mr. Davison: No, I'm coming to the buses in just a moment.

Hon. Mr. Snow: I know in my own com-

munity of Oakville, they have an option; they can use the rail or the bus because both run through to Toronto. The utilization of buses in from Oakville has grown tremendously. Many people would prefer to use the buses to the trains.

But one thing with the connections of the buses to all trains at Oakville; if a person comes in from Hamilton on the morning train to Toronto and because of delay or some unforeseen circumstance does not catch the last train at night which goes through directly to Hamilton, they are still not stranded. They go to Oakville on a later train and then a bus connects that train right into downtown Hamilton. Mr. McNab, I think, said the timing is almost equivalent, whether you're riding the bus or train.

[2:00]

Mr. Davison: It's not, but we'll get into that. It seems to me that we can leave aside the arguments for the extended train service. But please, when you talk about the train service talk in terms of the appropriate studies that have to be done, not some extrapolation we can make from who is using two trains a day. Also we should talk about the bus service that we provided to supplement the train service.

I won't complain to the minister how it took me five hours, using public transit, to get from Queen's Park to my residence in Hamilton. I used public transit, except for large tracts of land I had to cross by foot, but I won't view unusual circumstances as reflecting the—

Hon. Mr. Snow: Walking is a mode of public transportation.

Mr. Davison: That's right. Especially when you're walking from Toronto to Hamilton.

Hon. Mr. Snow: Perhaps the most energy efficient one.

Mr. Davison: Yes. But the bus system which you place so much emphasis on, I think, should be viewed as to its adequacy, especially the scheduling. We have a situation where through large parts of the day we have an hourly express GO bus from the Elizabeth Street terminal here in Toronto to the main terminal in Hamilton and back the other way. You seem to indicate that high ridership occurs during what the layman calls rush hour.

Can you explain to me the bus scheduling you have running out of Hamilton in the mornings then, because it doesn't make a great deal of sense to me? You run a bus at 6:55—which is your second bus of the day, the other one starts much earlier. You then run a bus at 7:15; the 7.15 bus gets a person into

Toronto at, I believe, 8:30 or 8:20, if it's a good day. The next bus from Hamilton to Toronto is at 8:30, which means that the person gets in at 9:50 at the Elizabeth Street terminal.

With the bus, if you're not aware, we're dealing with two slightly different markets. The train service runs to Union Station and is used largely by people working in that area. The bus service, on the other hand, runs into the shopping district of Toronto and is used by a lot of people going expressly to the shopping district. But we have in Hamilton a situation where we supposedly have the greatest need for buses at that rush hour and yet have no buses running out between 7:15 and 8:30. So if people are using the bus system in Hamilton—coming down where all the buses collect in the Hamilton downtown core—then walking two blocks or even catching the bus right down town, they're using the bus system, but there is no bus service. The train service is from a different place to a different place.

Hon. Mr. Snow: Do you want more buses and fewer trains? You say nobody wants the train, they want buses. But a few moments ago you were saying you want all trains and no buses.

Mr. Davison: You said that just now; I didn't say that just now.

Hon. Mr. Snow: That's exactly what you're saying.

Mr. Davison: No, it's not exactly what I'm saying at all. Either you're going to give us a train service that's adequate—and that sure as the devil isn't two trains out in the morning and two trains back in the afternoon—or you're going to provide a good bus service, but at least provide something that the citizens are aware exists.

Hon. Mr. Snow: What would you think of major improvements in the bus service and not having trains at all?

Mr. Davison: I'm not privy to the kinds of materials you have to make those decisions on. Obviously, there are many many people who would prefer to use the buses because of where they go to. And there are people who prefer to use—

Hon. Mr. Snow: If we were to run buses into downtown Hamilton at those same time slots as the two trains leave Hamilton now, and if we found the commuter preferred to use a bus rather than a train—there are only 150 people leaving during those two time slots a day—we could handle those two time slots much more economically with a couple of buses and not have the trains go into Hamilton. Energy efficiency would be

increased, too. To bring those 150 passengers out of Hamilton on buses would take three buses. It would greatly reduce the amount of energy we would be using to run those trains that far. Doing that has never been discussed, but it would be a considerable saving in dollars and capital investment, in operating cost and in energy.

Mr. Davison: What you're suggesting, I guess, is that you ask the consumer what he wants and then provide him with the service. That shouldn't have been a novel idea. That should be what we've been doing. Hopefully the system we currently have that you're running should have reflected meeting the needs of the consumer.

Hon. Mr. Snow: There has been very little growth, as I recall.

Mr. Davison: Maybe it's time to be reassessed.

Hon. Mr. Snow: Those two trains had been put into Hamilton 10 years ago when GO service was implemented. Those two trains were put in to replace two CN trains that were running at that time. Isn't that right, Mr. McNab?

Mr. McNab: That's right, sir.

Hon. Mr. Snow: That was one of the requirements: To get the trackage to run the GO trains on, we had to pick up the CNR service out of Hamilton. And if I recall figures that I have seen, the number of passengers we're carrying per day now on that section of the line has increased very little over that 10-year period, whereas on all other sections of the line the members have increased dramatically.

Mr. Davison: That makes sense. If it will meet the needs adequately and appropriately, then I think you should be providing to the consumers in Hamilton the kind of service that will do that and the kind of service they desire. That shouldn't cause a big problem in the ministry. That's your job. That's what you should be doing.

Hon. Mr. Snow: The problem is that we're running an awful lot of empty trains with no one riding on them.

Mr. Davison: I don't think anybody is suggesting that what we want are 20 trains a day running in and out of Hamilton with nobody on them.

Hon. Mr. Snow: We want to provide service to give public transportation to people. We're not interested in providing service just so people can look out and see trains going by every 20 minutes, whether there is anyone on them or not.

Mr. Davison: The ridership is there. There are enough people driving private vehicles between Hamilton and Toronto to justify a more—

Hon. Mr. Snow: Unfortunately we'll never get all those people on the trains.

Mr. Davison: Yes, but to justify much better service than we're providing now, maybe it would be a good idea for the ministry to reassess, look at the rail, look at the bus services, and see which way it is you can deliver the kind of service that is merited and the kind of service that will attract people who are now using energy-consuming automobiles.

The other problem is at the end of the schedule, at the end of the day. We run the express buses only until 9 at night with some exceptions—I think Friday and Saturday are exceptions—and then anybody going after that is looking at a Lakeshore bus, which means a poor member of the Legislature getting out of here at 10:30 has to wait for a 12:30 bus, which is a two-hour drive—

Hon. Mr. Snow: We don't mind your going through Oakville.

Mr. Davison: —or go down to Union Station and take—

Hon. Mr. Snow: A two-hour drive?

Mr. Davison: It's a two-hour bus ride on the Lakeshore run, or he has to go down to Union Station and take the GO service to Oakville and then a bus to Hamilton.

Mr. McNab: An hour and 27 minutes.

Mr. Davison: An hour and 27 minutes, as compared to, frequently, 55 minutes on an express bus. And then, of course, you run into a dual problem with the Lakeshore service; the bus doesn't get you into Hamilton before the Hamilton civic bus has stopped operating. That's not your problem.

Hon. Mr. Snow: I would think not. If you want to go home in the small hours of the morning, you're going to have trouble.

Mr. Cunningham: I think we better buy him a car. That's all there is to it.

Mr. Davison: I'm just trying to save the government money.

Hon. Mr. Snow: Ford Motor Company in Oakville would be quite happy to build you a car to meet those exclusive demands that you have.

Mr. Davison: I couldn't afford one.

Mr. McNab: Mr. Chairman, I wonder if I may make a comment in respect to the planning of the passenger volumes that could be anticipated. Although I was not directly in-

involved in it, I had some responsibility in the studies and certainly the ministry is continuing to study these things. It isn't an extrapolation of so many people, so many riders. There are certain types of travellers whom we can attract to the service. We must realize that we do not do the planning, we design and operate the service. Mr. Johnston, who has done much of the planning, has studies which are much more involved than extrapolating on what you could expect if you added more trains.

You mention, too, the fact that the bus services are slow at times, particularly in off-peak hours. We referred to the Lakeshore service. We have a dual purpose to serve along there. We have to provide the local through services. It gets right down to a matter of economics, and unfortunately, we can only afford so much. It is extremely difficult to justify increased subsidy support for these things when you're running a parallel service, a local with an express.

Believe me, we would like to supply almost personal service to everybody, a service that would fit into everybody's requirements, but it's just not economically possible. I would suggest that if I ever went forward to the minister with the proposals to supply a high level of personalized service, he would look around and find somebody else to take the job as chairman of TATOA, knowing he could not get the proposals through this body here. My point is this, that the planners do use very sophisticated methods, and methods that are based on practices that have been developed over the years. They can project relatively closely the patronage that you could expect from changes.

Mr. Davison: No, I don't claim to be a designer or a planner in terms of intercity commuter services. I don't pretend to be, but I am a user of the service on occasion and I have many, many constituents who use or don't use the service. I think what we are engaged in is—

Hon. Mr. Snow: There are some interesting figures.

Mr. Davison: We'll hear them as soon as I have finished giving you my interesting opinion. What we're engaged in, perhaps, is saying that we don't have adequate service, or at least, we don't have service that meets the desires of the commuters, or a service that will attract the people who are currently going back and forth by private transportation. But to say, "What's the sense of putting any better service in there, because we really won't get those people to use the service?" I don't think is the proper argument. I think if we can deliver an effective,

efficient service, we can convince people to use it. I don't think there's going to be a problem in that field.

Now we can have the facts to add to the fantasy.

Hon. Mr. Snow: I wasn't trying to interrupt you, I was just trying to feed you information, but our statistics as to the ridership on GO, for instance on the Lakeshore bus service, as we call it, show a 6.5 per cent increase this year to date over last. With the Queen Elizabeth Way service—that would be the express route, I believe—from Hamilton through we are talking about a 2.7 per cent increase. The Oakville train meet—that's the buses from Hamilton meeting the train—is up 5.9 per cent. The rail service for the Lakeshore West is up 9.2 per cent this year over last. There are some other different figures. The Queen Elizabeth service, for instance is up 9 per cent over a year ago October.

Mr. Davison: You're saying then that the direct train service into Hamilton has had an increase of 9.2 per cent in its ridership?
[2:15]

Hon. Mr. Snow: That's the total route, not necessarily the passengers who board at Hamilton, but the ones who board at Burlington, Oakville, Clarkson and so on.

We've had a 9.2 per cent increase over last year; on the Lakeshore east, it was 9.8 per cent; on the northwest service—that's the one running up through Brampton to Georgetown—there was a 12.5 per cent increase.

The total rail system has increased 9.7 per cent this year over last, roughly 10 per cent. The total bus system has increased 38.8 per cent over last year. There were some large increases there. The Streetsville-Milton bus line is up 68 per cent as of October 1977 over October 1976.

The total buses are up 38.8 per cent. The total trains are up 9.7 per cent. The total system is up an even 20 per cent. That's the first 10 months of 1977 over the first 10 months of 1976—a 20 per cent increase. So we are taking people out of cars and putting them on trains and buses.

Mr. Davison: Are the Lakeshore stops not served by the GO trains? The Lakeshore bus route that GO runs between Toronto and Hamilton—do those buses not serve many of the stops served by the GO train system?

Mr. McNab: Yes. It all depends what you mean by "served." The train stops at Burlington, and now at the new station at Oakville West. Those only have the two trains morning and night.

Mr. Davison: You were talking about hav-

ing to provide service to the people between Hamilton and Toronto with the GO bus. Aren't they provided with service by the GO trains?

Hon. Mr. Snow: The trains are running at capacity. The trains are running at capacity now. Every piece of equipment we own is in service.

Mr. Davison: I'm talking about the stops.

Hon. Mr. Snow: The buses make more stops and they go through a different section of the communities. They go through downtown Burlington, the Bronte area, Oakville, Clarkson, Port Credit—all on the lakeshore.

Mr. Davison: Just the complete Lakeshore service does that. There are a number of buses that run between Hamilton and Toronto that stop at five or six places just off the Queen E.

Hon. Mr. Snow: Yes. That serves a different group of people.

Mr. Davison: Than would the GO train?

Hon. Mr. Snow: Than would the train. Mainly those stops are where there are only two trains a day.

Mr. McNab: There are other stops through Peel. There's a fair distance between the rail line and the bus lines. Bus lines generally follow the Queen Elizabeth Way. It's a different market.

Hon. Mr. Snow: Many people who live along the Lakeshore would prefer to catch the bus and ride it in rather than be driven up to the train station. The trains are full to capacity, in any case.

Mr. Davison: I think the ministry's aware that residents of Hamilton-Wentworth don't find the system adequate to their needs. Obviously, there are cost problems the ministry has to face. I hope we have today a commitment from the ministry that the system is in need of improvement if we're going to meet the needs of people in the region of Hamilton-Wentworth.

Hon. Mr. Snow: What improvements would you recommend? Are you talking about the hourly express bus? Do you think there should be a half-hourly express bus? I'd have to see the ridership on the hourly one before I would know that. An hourly bus service is a pretty good service for basically what is an inter-city service.

Mr. Davison: I don't think we should build commuter services on the opinions of one member of the provincial parliament. I think the thing to do is to have your planners talk to people in Hamilton-Wentworth, do some up-to-date studies on people who aren't using the service, why they aren't using the

service and what kind of service they would use, then provide the service that will meet the needs, subject to the cost problems you face. If I had that kind of commitment from the ministry, I would be quite happy with it.

Hon. Mr. Snow: I can commit myself to that statement.

Mr. McNab: I can certainly respond to that, sir, because really, in essence, this is what we're doing. But when you're providing a transportation service designed to take people out of their cars—people with a multitude of requirements, driving habits and business affiliations—it's absolutely impossible to satisfy all tastes. I'm quite sure that you realize that. What we're attempting to do within the financial constraints that we all must recognize is to satisfy the largest number of people.

We're in continued discussion with the regional people and the people at the municipal level in the city of Hamilton, who express themselves quite vociferously regarding the fact that they feel that we're not doing the job that we possibly could do. Generally the end result of those discussions is a stalemate, in that they can't really make recommendations that are economically sound and that aren't going to hurt some other members of the community who are satisfied with the type or service being provided. But we certainly are committed to working with the municipalities. This is one of the benefits we hope to gain from being associated with the region and having the regional chairman on as a member of the board of directors.

Mr. Davison: One first step you might make would be a comprehensive survey of the current ridership as to what they think of the service.

Hon. Mr. Snow: We're doing that on a continuous basis. We're adjusting routes and adding new services all the time. If the ridership builds up, as it has on that Streetsville-Milton run, which was only implemented less than two years ago—it started off with one level of service and the first thing we knew the buses were full before they got half way to Toronto, so we've put on additional buses now. We've got some buses that only go half way picking up passengers and then the balance of the trip is an express run and other buses pick up the rest of the passengers. We are doing ridership studies, traffic counts, utilization counts all the time and increasing our capacity to meet the needs of the public.

Mr. McNab: Many of our routes, as the minister pointed out, will have three or four standees over the period of a week. If the

number goes up to seven or eight, we put a second section on the bus line and by the end of the week we have standees on that. There is—as I think the figures the minister read out show—a real acceptance of public transit for various reasons. It's not a simple thing. I appreciate your concerns, but it's a demand that is extremely difficult to satisfy, particularly on a personal basis, because we found out in making certain changes we improve the situation for one group of people and then all hell breaks out because of the fact that it's not maybe as satisfactory to another group. But we're working on it, sir.

Mr. Davison: I'm not quite sure I'm getting anywhere.

Mr. McNab: I think you are.

Mr. Davison: Okay.

Mr. Cunningham: Mr. McNab, I'm not really all that critical of your agency. When I think of government agencies that communicate with members of the Legislature, I have to think that TATO is probably one of the best. I don't know who it is in your agency who is responsible for drafting the newsletters that we get about as often as we get correspondence from the fellow at High Grade Mines, or whatever, but I know—

Hon. Mr. Snow: Are we a regular responder of yours, too?

Mr. Cunningham: I don't want you to feel that you're sort of exclusive or anything like that. We all get letters from that fellow.

Mr. Young: I had a letter from him today, actually.

Mr. Cunningham: I haven't checked the mail yet. Also probably in my mailbox in Waterdown is the latest newsletter from you people. I must say that on Sunday afternoons at half time invariably I read them. It's a chance for me to find out what's going on.

I want to commend you on your efforts. Short of extending GO bus express service to Waterdown, or a train up there, I have no complaints whatsoever, generally, about the nature of your operation.

I want to ask you a few questions about service to Burlington, and some of the problems you may be experiencing. First of all, what is happening in Burlington right now?

Mr. McNab: Insofar as the new station is concerned?

Mr. Cunningham: Yes.

Mr. McNab: We are in the final throes of acquiring the property.

Hon. Mr. Snow: There are two new stations to be built in Burlington. One on Fairview Avenue just near Brant Street. That will replace the existing station, and will be a new, modern station with a greatly improved parking facility and so on. Then there are plans for a new station at Appleby Line to serve the East Burlington area. Those two sites have been selected, they have been submitted to the municipality, we have the concurrence of the city of Burlington on the locations of those sites.

Mr. Cunningham: They have a bright new mayor there I see.

Hon. Mr. Snow: A very bright new Conservative mayor, yes.

Mr. Cunningham: I don't think she's Conservative.

Hon. Mr. Snow: We'll give her the benefit of the doubt.

Mr. Cunningham: That's how I think she got in, to tell you the truth. She got rid of the Conservative who was there. But we won't get into that because that's not even germane.

Hon. Mr. Snow: We had a Conservative running against a Conservative.

Mr. Cunningham: There aren't that many Conservatives in Burlington.

Hon. Mr. Snow: It gave the city a great choice.

Mr. Chairman: I don't happen to see this particular item under 2505.

Mr. Cunningham: No, it's not.

Mr. McNab, prior to Mr. Snow's interjection—which was prompted by my interjection—I think he possibly answered the concerns I have with regard to parking problems. I wasn't aware that you were as far down the—

Hon. Mr. Snow: How much land are we buying in Burlington?

Mr. McNab: I think it's about six acres.

Hon. Mr. Snow: Is it 300 cars per acre?

Mr. McNab: No, no. That will accommodate about 500, I believe.

Hon. Mr. Snow: It is 300 square feet per car, three cars per thousand square feet—it's 150 cars per acre.

Mr. McNab: I'm not far out. There's land taken for the—

Hon. Mr. Snow: There'll be bus loops. We'll be working with Burlington transit, building bus services for them to interconnect the local transit with the—

Mr. McNab: That's one of the more important features of the new train stations

we're building—that's the interface—the kiss-and-ride circle and the access for public transit. We realize that in the long haul we're going to run out of parking spots. You can't fill the demand and we want to work with the local transit authorities to interface as we are in Oakville.

Mr. Cunningham: The local transit people—it used to be privately run. A young fellow named Norton used to run it, privately.

Hon. Mr. Snow: A great man.

Mr. Cunningham: When it was private enterprise it was a real hot service. Now the government's got its hands on it it's deteriorated somewhat. Just lately they've got Sunday service.

Hon. Mr. Snow: It's the municipal government that's running it.

Mr. Cunningham: Well, government.

I'm glad you're as far along the way as you are with the construction. When will that be finished?

Mr. McNab: It's on our schedule for 1978—to be completed by the fall or winter of 1978.

Mr. Cunningham: You're just about at the stage with Burlington that you are, I think, with the Oakville station where you have a lot of parking problems and a lot of difficulties getting out of there.

I don't mind telling you, there's the odd person who will not use GO facilities at all, but park his or her car there for car pooling purposes. This tends to congest your lots somewhat unnecessarily. I can't see anybody doing that in Oakville because that is a pain to get out of, and you wouldn't want to hinder that unnecessarily.

Hon. Mr. Snow: An awful lot of people from the Burlington area drive to that Oakville station. We have leased some additional land there for parking. We've expanded that parking lot, I think, five times in the past 10 years and put in the east entrance to the station, so there are two locations where they can get to the platform. I don't know what the percentage is, but quite a high percentage of people drive from Burlington to that station.

When we get the five trains morning and night through to Burlington, it will eliminate a lot of the people from further west driving to the Oakville station and will relieve somewhat the parking situation at Oakville.

[2.30]

Mr. Cunningham: I talked about the communications—

Hon. Mr. Snow: Either the new Bronte

or the new West Oakville station has—the old one was a total disaster as far as facilities were concerned—but the new station's been open just about a month now. I believe there are over 100 cars—is there not, at that station? Yes, 115 cars each morning the first week it opened. Now there are proper station and parking facilities there, more people are using that station. It's been increasing every day.

Mr. Cunningham: What are you doing as far as advertising for the public is concerned? You've got a great communications program—

Mr. McNab: Our difficulty with advertising, particularly rail services, is what did we have to sell? We had standing room from Oakville in. With the advent of the bi-level coaches which will be coming on stream—the first train set will be in operation on possibly February 6 or 7, then a train set will be added every couple of weeks from then on—we'll be able to handle increased loads and not require people to stand.

We've been attempting to encourage special event advertising such as the Exhibition, football games, baseball games—that type of thing. That helps tremendously to cover our fixed costs.

You mentioned the GO News. This was put out originally to acquaint the passengers with what was going on, to give us an opportunity of explaining how we had some failures and what we could expect in improvements. We circulated it around to members of the Legislature and various people who would find it of interest.

Hon. Mr. Snow: The tri-level cars will increase our seating capacity on the Lakeshore line by about 70 to 75 per cent.

Mr. Cunningham: Did you say tri-level?

Hon. Mr. Snow: Tri-level, yes.

Mr. Cunningham: Who does this News? Is it done through an ad agency?

Mr. McNab: No, it's done right here.

Mr. Cunningham: It's all in-house.

Mr. McNab: In-house. We have a little chap—I believe it was either at Halton or Peel county that we picked him up many years ago.

Mr. Cunningham: Keep him. He's doing a very good job.

Mr. McNab: Tom Henry—he's a very fine young man.

Mr. Cunningham: He's doing a good job.

What are your intentions as far as advertising to the public is concerned? Do you have an agency you work through? Have

you got a communications program that you're going to embark upon?

Mr. McNab: Yes, definitely we are. We are developing one now.

Mr. Cunningham: Who's been hired to do that?

Mr. McNab: I believe Case is the agency we have been using.

Hon. Mr. Snow: Case and Associates.

Mr. Cunningham: Are they the agency for the ministry as well?

Hon. Mr. Snow: Yes.

Mr. Cunningham: How long has that relationship existed?

Hon. Mr. Snow: Two or three years.

Mr. Gilbert: They had the contract. I forget when the last contract was awarded to them, but it was less than a year ago, I think.

Mr. McNab: In the contract that was awarded by the minister, we put ours in as an add-on.

Mr. Cunningham: How long does that contract go for?

Hon. Mr. Snow: I think the Case contract has been renewed once since I have been minister and new bids were called. However it's done.

Mr. Gilbert: I think it's a two-year contract. I can find that out for you.

Mr. Cunningham: I'd like to know. I'd like some information about these bi-level coaches. What was the original cost and what do you project they will be over that amount?

Hon. Mr. Snow: Approximately \$40 million is the cost of the 80 cars. But there is an escalation formula in the contract based on certain statistics Canada information, I believe.

Mr. Cunningham: Is that escalation formula common to the original information requested when tenders were called for?

Mr. McNab: No. The original estimate was about \$32 million for the 80 cars. There were provisions in it, as the design developed during construction, for the additional features that we have introduced into the car. The amount is approximately \$1.5 million more on the 80 cars. These are things that have developed as the final design—They were bid on a concept.

Mr. Cunningham: So when you say \$1.5 million more you're talking \$33.5 million—something like that?

Mr. McNab: No, about \$33.1 million. The

\$40 million I mentioned includes the power units too. That wasn't in that contract.

Hon. Mr. Snow: I know the \$40 million is the capital expenditure for the cars and the local power unit. Power units are larger General Motors diesels than the ones that are used on the single level trains.

Mr. Cunningham: You've brought your map along. Is it your intention today to tell us about projected expansion? Would you mind?

Mr. McNab: Maybe I could do it from the map. The green lines are the rail, of course; the Richmond Hill service—

Mr. Chairman: Would you use the microphone there, Ken, if you wouldn't mind.

Mr. McNab: Yes. The solid green lines are the lines that have been in operation—the Lakeshore line and the Brampton-Georgetown line. The dotted green line is the Richmond Hill line that will be coming into service just as soon as we can get the equipment relieved from the Lakeshore with the advent of the bi-levels. We anticipate that will be possibly April. There have been delays in implementing the Streetsville-Milton line due to our problems in getting the funding that was promised from the federal government. But I think this is on track, to coin a pun, for construction with a target date now of 1980.

Mr. Cunningham: What about Oshawa? What are your intentions in that direction.

Hon. Mr. Snow: We haven't any intentions there—either honourable or dishonourable. That is out of our area.

Mr. Cunningham: It's an area that certainly is expanding rapidly and has a lot of commuter traffic in and out of it.

Hon. Mr. Snow: I'm not just alibiing. As I pointed out, the decision to operate a service there unquestionably will have to come about as a planning decision that will be approved by government and handed over to us to design and implement.

Mr. Cunningham: If I could respectfully suggest at this time, I hope that you would consider it because it is an area that is growing very rapidly. I think the plans—

Hon. Mr. Snow: We're considering doing some survey work there, I think, this coming summer. Some students will be doing some house-to-house question-asking to try to find out the interest in that type of service. I know, Hon. Mr. McCague, the member for that area, has discussed this with us.

But presently the Orangeville area is serviced by Gray Coach, of course. It is giving a certain amount of service down through

that route. I wouldn't say it's adequate for a commuter service but—

Mr. McNab: There is a potential here, sir, and we've discussed this before—

Hon. Mr. Snow: Doesn't that Bruce bus line stop in Orangeville too?

Mr. McNab: I think they do.

Hon. Mr. Snow: I think there are two carriers who go down there.

Mr. McNab: But again, with the equipment that will be coming available with the advent of the bi-levels, it will enable us to supply much more capacity, particularly for bus transfer at Georgetown and Brampton. That will help tap a lot of the development that is going on in that area.

Mr. Cunningham: We've got to look after Brampton.

Hon. Mr. Snow: There are quite a large number of buses being used now on the Streetsville-Milton-Mississauga line. We have been continually adding more buses to meet the need and will do so until such time as the railway line does get implemented. At the present time we're buying some locations and arranging leases for others from the railroads and so on for the station sites for the Streetsville-Mississauga-Milton line.

At Milton I think they are in negotiations now for a site. They have decided, with the town council, on where the station should be. They're going to get the land there and put in a parking lot even before the train service is ready to go. They plan to use that parking lot for people who want to park their car and go on the buses from that location and the same thing at different Mississauga locations. There will be a transfer point between cars and buses, if you can call it that.

Mr. Cunningham: How do your plans for parcels fit into this? We've just passed legislation to legalize what I think you referred to in the Legislature as an "illegal activity".

Hon. Mr. Snow: There was some doubt in the legislation as to whether TATO had authority to carry parcels. For instance, there is no Gray Coach service on the Lakeshore now between Toronto and Hamilton, but there is still a demand for some type of bus parcel delivery. TATO have been providing that service just as Gray Coach used to provide it. It wasn't that important a thing, but when we amended the Act, we thought we should clarify that. TATO does not make a practice of trying to encourage that service but we're trying to meet the demand that was there before.

Mr. McNab: Quite frankly we would like

to get out of it in a lot of areas because we hate to see parcels occupying passenger seats. We're looking for a way to handle that service—possibly on offpeak or on other type of vehicles, or by other people doing it—because there is a need for the service.

Mr. Cunningham: I've heard something about that in the hearing before the Highway Transport Board—that there is a need for the service. That may be a reflection on the parcel service that is being offered by you people. Maybe it is a reflection on our mail, which sometimes isn't all that good either. Because it's before the Highway Transport Board, I won't go into any more detail on this.

Hon. Mr. Snow: I have the information on the Case Associates contract. It began in August 1976 and runs until August 1978. It was awarded in accordance with Management Board procedures. There were three proposals received from three different ad agencies.

Mr. Cunningham: Who were the others? Do you know?

Mr. Gilbert: We can get them for you.

Hon. Mr. Snow: I know this was a renewal because Case Associates had the contract when it came up for renewal. It was re-advertised and they were the successful bidder again.

Mr. Gilbert: We can get that for you by telephone.

Mr. Cunningham: In the future, would you consider opening it up to the entire advertising agency industry in Ontario so that everybody could participate, instead of just three?

Mr. Gilbert: When choosing consultants for large planning jobs, and what have you, you have to ask for proposals. I don't think it's fair to ask for 10 or 12 or 14 or 15 proposals from every ad agency because it does cost money to put these together. Certainly we, as the minister stated, were following the proposals.

Here are the other two that Mr. Bidell has just given me. Foster and McConnell were the other two agencies that submitted proposals when we were completing this award.

Hon. Mr. Snow: We don't do a lot of work with these people, as far as advertising is concerned.

[2:45]

Mr. Cunningham: I'll give you that later on. We're not on that at the moment now and I'm trying to help the chairman here. I have a few more questions on this par-

ticular item and then I'm through and ready to offer my endorsement of your activities in this regard by way of a vote.

I'm wondering, Mr. Minister, what the government policy is with regard to commuter costs in the future. Do you have a policy with regard to what percentage they're going to pay?

Hon. Mr. Snow: I would say we do. Basically, whether it be municipal transit or provincial transit, the capital cost is not considered in the fare structure. In municipal transit, we pay 75 per cent and the municipality pays 25 per cent out of their funding. With regard to operating cost we feel there has to be a reasonable ratio of the operating cost paid by the user of the facility. In municipal transit, this ranges from 50 per cent to 72.5 per cent, depending on the sizes of the different categories. I believe there are four categories of municipalities.

Mr. Cunningham: Is that 72 per cent consistent on all your routes in TATO A activities?

Hon. Mr. Snow: No, we're below that. We have established a goal of 66 per cent. Is that right?

Mr. McNab: Sixty-five or 66.

Hon. Mr. Snow: At this time we have set a goal of getting 66 or 65 per cent, or two-thirds of the operating cost, from the fare box.

Mr. Cunningham: What's the figure right now?

Hon. Mr. Snow: It depends on whether cabinet approves the new fare structure.

Mr. McNab: It would be in the neighbourhood of 57 or 58 per cent.

Hon. Mr. Snow: It started out in 1972 at about our target, was it not?

Mr. McNab: About 68 per cent.

Hon. Mr. Snow: I believe 68 per cent in 1972. There were no fare increases for a number of years and with increased cost of operating that percentage slipped, even though there was greatly increased ridership. The percentage paid by the passenger was reduced. Two years ago we had a fare increase; a year ago we had a fare increase; the board has recommended a fare increase again for next year, which has to be confirmed or denied or adjusted, or whatever, by cabinet. It's in the legislation that fare changes must be approved by order-in-council. That is proceeding now.

Unfortunately, we are in the process of negotiating a new contract with the CNR. This was a 10-year contract for operating

with CNR that expired in May of this year. In about January we started to negotiate a new contract and that is getting to the final stages at this moment.

We've had some difficulty with the railroad wanting to increase their charges for operating quite substantially. We're not saying there should not be an increase—their costs have increased the same as anybody else's. But we were very dissatisfied with their starting position.

There have been a lot of negotiations, including discussions between myself and Dr. Bandeen, the president of CNR, and a further meeting last weekend when Mr. McNab, Mr. Godfrey and Mr. Parsons met with the CNR officials. We're also negotiating with CPR at this time to operate the Streetsville-Milton line.

Even with our fare increases and ridership increases, we're having a little trouble getting back up to that 65 per cent. Our target is to get there within the next two years.

Mr. McNab: Between 1972 and 1975 was the period of the highest inflation in our costs—

Hon. Mr. Snow: Fuel costs.

Mr. McNab: —and that was the period when we didn't have a fare increase.

Hon. Mr. Snow: It slipped down to about 50 per cent at one time.

Mr. McNab: That's right, before we started the annual fare increase.

Mr. Cunningham: Have you done any calculations on the money that would be saved by not wasting all that fuel on the highway? It's one thing that just really overwhelms me. When I'm stuck in traffic, I just think of the thousands of gallons of fuel that we must be wasting, that we wouldn't be wasting if we could get more people using these things. I guess, alternatively, I'm thinking of a greater subsidy. Do you do some cost trade-offs or some studies in that regard?

Mr. McNab: Researchers have calculated the relative energy consumption of a loaded train and a loaded bus, keeping in mind the average number of people commuting. If my memory serves me, a bus is eight times as efficient as a car and a loaded train, providing there are reasonable loads on the train, is something in the neighbourhood of 15 times as efficient.

I don't think there have been any studies to assess the actual savings in dollars, but there has been an awful lot of research into energy savings. This is what the minister and the ministry and ourselves tried to impress upon the federal government. Their

attitude of not getting in and helping the municipalities and the provinces in the provision of mass transit as they had promised was certainly unrealistic in relation to their pleas to use other modes.

Mr. Gilbert: This came out in the Science Council which has done quite a bit of work on this as well—on the approach Mr. McNab has mentioned.

Hon. Mr. Snow: Some of those figures are very high and very hard. When we have had a strike or something on the CNR, when the GO trains weren't running for a few days, you could see the buildup of traffic on the Queen Elizabeth Way. If we weren't carrying those thousands of passengers on the rail and in the buses, we would certainly have a greater traffic problem on our highways.

Mr. Cunningham: It would be awful.

Hon. Mr. Snow: I don't recall the statistics Mr. McNab quoted with regard to fuel efficiency on a full loaded GO train as compared with buses. I'm sure that's available.

I do recall some figures we had about a year ago, if you'll recall, Mr. Cunningham, when they discontinued the rail diesel car between Sudbury and Sault Ste. Marie. The CPR applied to discontinue that car. There were people writing to me saying that taking that rail car off was ridiculous, because of its fuel efficiency.

We looked into that in order to answer those queries. We found that a diesel highway bus travelling between Sudbury and Sault Ste. Marie with about 50 seats would get nine to 10 miles per gallon of diesel fuel whereas that rail diesel car with about 85 seats — roughly twice as many seats — would get two and a half miles to the gallon. In other words, the diesel bus on the highway would provide seats back and forth between Sault Ste. Marie and Sudbury at about half the fuel consumption per seat mile. That's comparing a single rail diesel car with a bus. Perhaps your figures are a great deal different with 10 double-decker coaches and one locomotive.

Mr. McNab: Incidentally, on the Sault line they were carrying almost as many crew as they were passengers.

Hon. Mr. Snow: There were 10 to 14 passengers on an average trip.

Mr. McNab: I might have misled you on the ratio I gave you. The 15 is related to the private car. It's eight times more efficient for the loaded bus than the 1.5 passengers in the car. The train is 15 times as efficient compared with the 1.5 people in the car, not the bus.

Mr. Cunningham: I have one final question, and I thank the committee for indulging me in my questions. This relates to GO bus service. I'm wondering what your intentions are concerning the contract you have with Gray Coach for bus service which will expire on December 31 of this year. Do you intend to renew it or will we be seeing Greyhound take that over?

Mr. McNab: That's 1978, sir.

Mr. Cunningham: That's right. I'm sorry.

Mr. McNab: We're assuming that Greyhound or somebody else will be providing that service to us. It's not our intention as an authority to get into the operation per se of the buses. I don't know if you realize that Gray Coach has undergone a reorganization where it's been taken at arm's length from the TTC, with a separate board of directors and a separate president and general manager.

Mr. Cunningham: New paint and it'll be ready for sale.

Mr. McNab: That may be.

Hon. Mr. Snow: That's their decision.

Mr. McNab: We'll be entering into a standard agreement with whoever's operating it on those routes.

Mr. Cunningham: I thank you for answering my questions.

Hon. Mr. Snow: I believe up to this time we have negotiated an operating contract with Gray Coach, is that right?

Mr. McNab: That's right, yes. On a cost-plus basis.

Hon. Mr. Snow: It started off with Gray Coach operating half a dozen buses for us when we first got into the bus business. How many buses do we have now?

Mr. McNab: We have about 120 that we're operating, for all practical purposes our own buses. We used to rent the buses.

Hon. Mr. Snow: We own the buses now. We bought 20 more buses last year and we have 120 buses, I believe it is now. Most of them are operated by Gray Coach, and a number up in the Markham area, the York region service, is operated by Travelways under a contract. With the growth of the system, whether we should be dividing that system up into four segments and tendering that at intervals, I don't know. It has some benefits and some disadvantages. We've not made any decision on that at this time. Our present contract with Gray Coach goes until the end of 1978 as I understand it.

Mr. Warner: I have a couple of questions. Unfortunately, I'll have to be brief because I have a meeting to attend in a few minutes.

On a couple of items related to your statement earlier, I'd like to know if they have some connection to GO transit. In your statement you talk in generalities about a five-year plan. Is there any five-year plan that involves GO, and to make it more specific, as it would apply to the Pickering area or those areas that are generally east and northeast of Scarborough where many of us anticipate there's probably going to be some growth during the next decade? Also, quite frankly, there are some concerns that people are going to be simply passing through Scarborough to get to jobs in Toronto and returning to their homes in Pickering and that whole township area.

[3:00]

Secondly, if it's not in this section on GO, perhaps the chairman or the minister could indicate what part deals with national unity. I don't know that GO Transit has anything to do with national unity but it was mentioned in your statement as one of your overall objectives. I wonder if you are promoting national unity in your ministry and I'm wondering if GO Transit has any connection to that? Perhaps I could throw out a couple more questions. Do you want to answer the first one?

Hon. Mr. Snow: I'd prefer to deal with them one at a time.

Mr. Warner: Okay, all right. Sure, I'd be glad to.

Hon. Mr. Snow: Which one would you like me to answer first?

Mr. Warner: Maybe the easy one is your national—

Hon. Mr. Snow: Okay, the five-year plan. As I stated earlier on—I guess you weren't here—our plans for expansion of GO Transit have been delayed for about two years, a year and a half we lost due to negotiations with and waiting on the federal government, but that is over now. As I stated in October in the House, we are more or less regrouping our forces and planning to proceed on our own with necessary improvements only, to deal with GO Transit's needs. This will take a little bit of time but we do have our station ungrading program.

We have the Lakeshore extension through to Burlington, which we have been discussing at great length this afternoon; the new Cooksville-Streetsville-Milton rail line; the Markham-Richmond Hill line, which will go into service about April when we get enough double-decker or triple-decker cars put into service on the Lakeshore to relieve equipment there. That's what's delaying the other line going into service.

I expect by some time during the first quarter, probably February of 1978, to be able to put before you all a more detailed program, with some dates attached, to implement the improvements I've just mentioned, the largest being the Streetsville-Milton line and the Lakeshore extension. The rail service, of course, takes a lot of lead time and planning. For instance, signals. Signal equipment to do the work that we have to do down in the Union Station area, which is being ordered now, will take two years for delivery—it's hard to believe with so-called over capacity in industry. But the same applies to the CPR line and improvements there for the Streetsville-Milton service. There is about a two-year lead time that you have to order signal equipment before you receive it.

Roughly, as Mr. McNab mentioned, we hope to have the Streetsville-Milton line in operation some time in 1980 and the Richmond Hill line next April. That's behind schedule for several reasons, part of it signals, part of it construction, part of it some indecision and problems over station locations, part of it waiting on the region of York over a grade separation—until that was settled there were numerous delays—and the most recent one, of course, the double-decker rail cars are a little behind schedule. We have to get those put into service on the Lakeshore to make the single-deckers available for Richmond Hill. Then, of course, we're going to perhaps have a surplus of equipment for a while, because the Lakeshore single-decker equipment is slated to go on the Milton-Streetsville line and that line won't be ready for the equipment when it is relieved.

I hope within a couple of months to be able to give you a detailed program of timing on all the station improvements, the rail line, new services, and everything related to rail for GO Transit for the next three, four years, at least until the announced program is completed.

Now, as for the bus, we don't have to plan far ahead for the bus services because we can respond to the needs much quicker. If we need more buses, we can, on a year to year basis, budget to expand the system.

Mr. Warner: Do you have anything in particular planned for Pickering or, particularly, the north and east areas adjacent to Scarborough?

Hon. Mr. Snow: Mr. Johnston mentioned this morning the joint study we are carrying out with TTC and Metro to meet the needs. Of course, with the revisions to the bill, the chairmen of the regions of Durham, York, Peel, Halton, Hamilton and Metro are all members of the board of directors of TATO.

We have no major plans for rail expansion in that area but look forward, at least in the short term, to handling the needs there with buses.

Mr. McNab: That's true. And there is a study going on at present, headed up by the ministry, involving the eastern regional municipalities, as an extension to the one with Metro Toronto, looking at the entire situation in Durham as to what will be the opportunities and what will be required in the Durham-Pickering area.

Mr. Warner: The line that goes out through Malton-Etobicoke—northwest—is that near the airport?

Hon. Mr. Snow: That's the green line, yes. It goes fairly close to the airport.

Mr. Warner: Have you examined the potential of developing commuter rail from the International Airport to the centre of Metro?

Mr. Johnston: That was studied as a part of the access requirements to the Toronto International Airport at the time that it was a serious proposal. They looked into the feasibility and there was relocation of the line because it passes right through the middle of the airport property.

Hon. Mr. Snow: He is referring to Malton Airport.

Mr. Johnston: Oh, Malton?

Mr. Warner: At Toronto International.

Mr. Johnston: Oh, I'm sorry.

Hon. Mr. Snow: He is referring to the Georgetown GO service.

Mr. Warner: Yes. I realize Pickering airport is a whole different argument.

Hon. Mr. Snow: It doesn't come under this vote.

Mr. Warner: No, it doesn't. It is worthy of some discussion at some point; I am not convinced that that item is dead and buried.

My question was about the Toronto International Airport. Had there been a study and is there a practical way? I know there is a line that runs roughly in a northwest angle from downtown Toronto out to that area. I think it is a CN line; I can't remember exactly.

Mr. Johnston: Approximately a year and a half ago there was some joint investigation made by the technical staff of the Ministry of Transport and this ministry into the types of ground access that would be required to serve Malton. The ultimate determination of the extent of public transportation is going to be determined by the long-term role of Malton airport, which is part of the study the minister referred to earlier. But that study has

been reactivated and they are looking at bus and other types of public transportation requirements. As I say, they can't make any final determinations until they know a little better what the role of Malton Airport will be in the future.

Mr. Warner: I find that last statement a little curious. Do you know what the role of Toronto International will be in the future? Surely, the role might be altered if you decide to build an airport at Pickering, I agree. But nonetheless, the airport is going to be in business. People will continue to come in and out of there. They may end up strictly as charter flights, I don't know, but I suspect that airport is going to have a very high volume of traffic regardless of whether you build another airport or not.

Doesn't that say you should do whatever is possible to construct a commuter rail from the airport to downtown Toronto?

Mr. Johnston: I really can't answer that question. The level of activity at Malton now is a little over 11 million air passengers per year. There is a fairly extensive bus service serving that airport right now, and whether or not there are requirements beyond that at that time is the subject of this study that's just been reactivated with the federal government.

The first phase was an inventory, basically—trying to get a handle on the requirements today. What they are now into is what additional facilities are required to serve the site. That could be influenced by other decisions as well.

Mr. Warner: I don't know if the minister can appreciate this or not, but having landed on a couple of occasions at Gatwick Airport outside London, in a matter of minutes you have your luggage and you're on a rail line to the heart of London. It's obviously a much larger city than Toronto. It's a very efficient kind of service and it means that you can ride on the commuter rail and not have to use your car. That's why I think it's important to be able to offer that kind of service. I don't know if it's possible.

I know there is a rail line going up there. That doesn't mean that it's possible to construct the service, I realize that, but I would hope it would be a priority item for the minister to deal with if it's at all feasible.

Hon. Mr. Snow: I think it's more practical and possible to be dealt with not using the GO Transit line but using a possible east-west intermediate capacity transit system via Eglinton or Finch or whatever it may be. The western terminus of Eglinton is almost on the airport property. Beyond that, further

west, as I mentioned earlier in discussions with Mr. Young, we have provided for transit rights of way in the parkway belt plan. That ties in, basically, with the end of Eglinton and also with the airport.

So if you look down the road long enough that plan does give some provisions for transit right from Hamilton to Malton Airport, through Mississauga, Burlington to Malton Airport, connecting right up with Eglinton Avenue right through to Toronto.

Mr. Warner: Can I assume from your comments that there has been some involvement in the study group that you've mentioned with the people who drew up the Metro plan, or at least with that document, the Metro plan? Because the routes you mention are specified in that Metro plan document, Finch Avenue and Eglinton Avenue, as being potential places for intermediate capacity. So I wonder if that's been included in your study group then.

Mr. Johnston: Yes.

Mr. Warner: Okay, I have just a couple of other questions. You've been running the special trains to the Blue Jay ball games, I take it. Do you have any way of keeping figures on the ridership specifically for the games?

Mr. McNab: As far as the Blue Jay games are concerned, if my memory serves me, I think we only ran one or two specials. The timing of the ball games because they're off-peak, makes it possible for us to utilize the existing schedule. In other words, what we do on off-peak is put full consist trains on, and we have been carrying approximately 12 per cent of those people attending the games. The same would apply for the Argo games—12 per cent of the people by GO Transit.

Mr. Warner: Did the city include GO Transit officials when it held its discussions about making some substantial alterations to the traffic patterns around that area for the times of the ball games? I gather, in fact, that they wanted to exclude cars—which I think is a great idea—and try to rely on public transit.

Hon. Mr. Snow: We're working with them on a shuttle service between Union Station and the CNE grounds.

Mr. McNab: Yes, that's right.

Mr. Warner: So the city includes you in those discussions, does it?

[3:15]

Mr. McNab: I attended the first meeting and representatives have been with them at subsequent meetings. As the minister mentioned, in the development of Union

Station we'll be able to provide shuttle service from Union Station to the Exhibition grounds, with a direct connection and a 300-foot walk, from the new subway at Union Station.

This year we should be able to carry between 15 and 20 per cent of the attendance at the Exhibition and the games, due to our bi-level coaches. That'll give us an immediate increased carrying capacity.

We were included and we'll continue to be on that working team.

Mr. Warner: Mr. Chairman, I have many more questions but I must leave now. I simply want to comment that while I have constructive criticism of how government operates, I must say I think GO Transit is on the right track—

Hon. Mr. Snow: I hope so.

Mr. Warner: —and they won't get on the CN track by mistake and meet the trains.

I never disagree with my colleagues, you know that. I think there's always room for improvement. But I think the concept is right. I would like to return later when the minister is discussing how he is going to assist national unity through his ministry.

Hon. Mr. Snow: I can tell you that right now, if you like.

Mr. Warner: Certainly.

Hon. Mr. Snow: As a ministry, we have a considerable degree of involvement with the other provinces of Canada and the federal government. We have had considerable input in overall improvements and discussions with regard to transportation regulations. The responsibilities I have in this ministry and in other provinces spread around between about four different ministries. At different conferences or meetings I meet with different ministers from other provinces.

For instance, transportation regulation in some of the provinces is the responsibility of the Minister of Municipal Affairs. In Alberta it's the Solicitor General and in Saskatchewan, I think it's the Attorney General. In some provinces they have a separate minister of communications or of public utilities and communications. Many of the provinces have a separate Department of Highways and Department of Transport.

Ontario takes a very active role in the RTAC meeting, which basically deals with roads. It is an annual meeting which includes all provinces, the federal government and the municipalities. Mainly highways personnel attend that.

The CCMTA, which is the association of motor transport administrators, is made up

mainly of senior officials from the transportation regulations sections of each province. It also involves Mr. Humphries, my assistant deputy minister of drivers and vehicles, who it so happens this year is president of that organization.

The ministers meet annually; this year it was in September, here in Toronto. All the ministers attended from the 10 provinces and the federal government. We've now brought the federal government in as a full partner. Mr. Lang attended our three-day meeting last September for one day.

We also have two or three meetings a year with communications ministers. We met in Edmonton last April. We planned a meeting of communications ministers in Prince Edward Island for November but that was cancelled at the request of Madame Sauvé. It is being rescheduled tentatively for the third week in January, but understand it may be delayed until March. I don't know. The ministers responsible for communications discuss federal-provincial relations on communications regulations. Ontario takes quite an active role in that.

I think in our small way we are contributing. Mr. Gilbert met with the Quebec Deputy Minister of Transport recently. He was in Toronto. I will be meeting in January with Mr. Lessard, the Quebec minister, to discuss several matters relating to transportation between Ontario and Quebec.

So we have in this ministry quite an ongoing role with the other provinces, together with the federal government. It is not just a once a year get-together of ministers to discuss their problems, it very much involves the staff level of other provinces.

Mr. Warner: Perhaps we can pursue the item at length some other time and include a discussion of cable television as part of your quest for promoting national unity.

Hon. Mr. Snow: We've been discussing cable television, pay TV, those matters quite extensively, at the Edmonton meeting. It was to be a major item on the agenda in November. I have had private meetings with Madame Sauvé, both in Ottawa and here in my office last year as well. I think we are doing our part.

Mr. Philip: It might interest the minister to know the only question on communications or transportation I got on an open line television program last night concerned pay TV. It was to do with whether or not this fellow could obtain pornographic movies soon on his pay TV set.

Hon. Mr. Snow: What was your answer?

Mr. Philip: I told him that I didn't think

I would have very much to do with it but I was sure the minister would be interested in his views and I would pass them on to you. I have now passed them on to you in your capacity as minister.

Hon. Mr. Snow: We'll look at that in depth.

Are we still on TATO?

Mr. Young: Mr. McNab and I had a bit of a chat earlier this afternoon about the Yorkdale terminal and we've seen a bit about it—

Hon. Mr. Snow: Did it get approved at council yesterday?

Mr. Young: Yes, it's been approved. I wonder if Mr. McNab could elaborate for our benefit on what the general agreement is there? I am wondering what the agreement is in respect of using this space. At this time of year the parking lot is full of cars. Since you are going to take out a chunk of that, will there be enough parking space for bus drivers, employees and so forth, or is more space going to be provided? Are you also going to use the space to the north that the TTC uses for storage of buses? Could you give us more details on this?

Mr. McNab: We are taking about an acre and a quarter. First, the building will be built and owned by Trizec. We will have the basement as a bus terminal, plus one floor as a mezzanine for ticketing and related—

Mr. Young: You will rent that?

Mr. McNab: That will be rented on a 10-year lease with the right for three terms of renewal.

As far as parking is concerned, I think the existence of the bus terminal will reduce the amount of parking required. That will be a pass-through point. Our regional buses will come into there, bringing passengers in who would otherwise have to drive. We expect quite a utilization by those people employed in the shopping centre itself.

Hon. Mr. Snow: We won't be storing buses there.

Mr. McNab: We won't be storing buses.

Hon. Mr. Snow: We're building a new bus garage and terminal north of there.

Mr. McNab: It's on Dufferin in that industrial area, where the old deHavilland golf club used to be.

Mr. Young: It's not in connection with the same facility?

Mr. McNab: No, no.

Hon. Mr. Snow: This terminal at Yorkdale

will be a transfer point basically with buses coming in, dropping off, picking up and going. The storage and maintenance of the buses, parking for the drivers and all this type of facility will be at a different location altogether, not on that site.

Mr. Young: Will you make any attempt at all to divert people coming down from Barrie and using Highway 400 to park there and to take your facilities downtown?

Mr. McNab: Not the TTC facilities.

Mr. Young: Not your facilities, that's the TTC.

Mr. McNab: That's north of Wilson Avenue.

Mr. Young: They'd have to come into Yorkdale and park there and take it from that station, because to get to the Wilson facilities, they'd have to come off Highway 400.

Hon. Mr. Snow: That's where the parking garage should be, in the ditch, which Metro has not agreed to. You know the story there.

Metro built two large parking lots at the Wilson Avenue subway station, and rightfully so. Actually, I don't know how people react to inconvenience but the lots will serve a great many people who live north of Highway 401. They can come along Wilson and park their cars on those lots, jump on the Spadina subway and go downtown. But I think, looking at the traffic pattern, it's going to be difficult to encourage people coming down Highway 400 or Highway 401 from the east or west to get up to those parking lots.

Mr. Young: No, they'd have to come into Yorkdale, I think.

Mr. McNab: Yorkdale? No.

Hon. Mr. Snow: Yorkdale I don't think wants to become a parking lot for the TTC.

Mr. Young: But it will.

Hon. Mr. Snow: That's why we have recommended the construction of the parking garage in the ditch at the Glencairn Station. There's a beautiful large Glencairn station on the Spadina subway which we don't think is going to be one of the Spadina line's main passenger points. If a garage is built there it will allow people to swing off Highway 401, down the Spadina and right into the garage, leave their cars and come downtown. That's why we recommended that location. Metro has done nothing to accept that but talk.

Mr. Young: But failing that, it looks as if what people will do actually when the Spadina line is in effect is swing into and park right at your terminal, or as close as they

can get to it, get on board there, and go downtown.

Mr. McNab: No, they would get on the subway.

Mr. Young: Yes.

Mr. McNab: But I would point out that right now I think the construction is complete. The Trizec people are erecting barriers and will not allow parking in their lot until 9:30, other than for those people who are employed there. The barriers are being put up now. Then after 9:30, they'll be opened.

Mr. Young: So that stops the commuter.

Mr. McNab: That stops that.

Hon. Mr. Snow: That will be a problem of Trizec's to control the parking on their lot.

Mr. Young: But I suspect a lot of people coming down Highway 400 after 9:30 will make for that terminal point there and park and come downtown. That is not your worry.

Hon. Mr. Snow: No, no. The Yorkdale subway station is there. The bridge is across to the Yorkdale plaza. Now our terminal will be built right at the end of that bridge and the bridge will actually connect with the bus terminal. So people have direct access from Yorkdale's parking lot now, even without our bus terminal, to that subway station.

Mr. Young: Except there are no trains running yet.

Hon. Mr. Snow: No, but there will be.

Mr. McNab: There are the regional buses. We will be routing many of our buses that don't go in there now into the Yorkdale bus terminal for interface with the subway. We estimate that an awful lot of those people who are driving down now will be able to come from portal to portal practically. They will be able to come from the various communities north of Toronto by public transit into the bus terminal and, completely indoors, transfer on to the subway. I think this is generally recognized by the planners, by North York, too, that what is going to happen here is that it is going to reduce some of the parking problems, and certainly the congestion of buses on its municipal streets.

[3:30]

Hon. Mr. Snow: We foresee this terminal, too, being used not only by GO Transit, but by intercity bus operators.

Mr. Young: Take them out of the downtown core.

Hon. Mr. Snow: I can foresee in the future perhaps major bus terminals at Sherway, Scarborough, Yorkdale and Scarborough Civic Centre. So buses from Montreal, for

instance, or Peterborough, coming in from the east, rather than terminating downtown and coming into the town, would terminate—at least some of them—at, say, Scarborough city centre. Then passengers would jump on the light rail and the subway to come into Toronto, or would come through to Yorkdale or to Sherway in the west end and use the rapid transit facilities from those collection points, shall we say, into the city, and vice versa, with possibly charters going out. For instance, if Gray Coach is running a ski bus or ski charter to Collingwood, it would be able to depart from the Yorkdale bus terminal and people from all over the city would come to that point by public transit.

Mr. Young: Therefore the buses would leave from there.

Mr. McNab: All the intercity bus lines have expressed a keen interest in this.

Hon. Mr. Snow: We will have a shuttle service between the Yorkdale plaza and Malton airport, which is a pretty short trip.

Mr. Young: So I would only have to take a cab out to Yorkdale.

Mr. McNab: He can get a local bus out there.

Hon. Mr. Snow: When 409 is completed into Malton, which it will be next year, that makes it a pretty easy route from Yorkdale.

Mr. Young: If you ever get your garage down in the ditch, I presume a lot of people, Scotsmen particularly, will be still parking in the free space at Yorkdale and riding from that point.

Hon. Mr. Snow: There is nothing wrong with Scotsmen. They are just not quite as good as the Irish; that's all.

Mr. Young: If you charge in the garage, they will still park in Yorkdale and ride from that point. However that is something Trizec will have to look after.

Hon. Mr. Snow: I'm sorry; my Orange blood was coming out there.

Mr. Young: It looks like a good move. There will certainly be some problems to be worked out.

Mr. McNab: It's something that North York has needed; a major transportation facility. And certainly right at the outset it is going to enhance a reasonable degree of patronage on the Spadina line.

Mr. Young: What is the timetable on it?

Mr. McNab: For the construction?

Mr. Young: For finishing and opening.

Hon. Mr. Snow: I suppose now we can decide that.

Mr. McNab: It will be the end of next year.

Hon. Mr. Snow: It could have been finished six or eight months ago; it took so long to get the approval.

Mr. McNab: The subway is scheduled to open on the 28th and we will be providing temporary facilities at that point to coincide with the opening of the subway.

Mr. Young: That's in February, is it?

Mr. McNab: They are still calling for January 28.

Mr. Young: Thank you very much.

Vote 2505 agreed to.

Mr. Chairman: We now will return to vote 2501.

On vote 2501, ministry administration program, item 1, main office:

Mr. Philip: I would like to ask some questions about the office of women's programs which was set up, when, in 1972?

Mr. McNab: In 1970.

Hon. Mr. Snow: We've got some great women in the Ministry of Transportation and Communications.

Mr. Cunningham: Not one female assistant deputy minister, in fact not even one female deputy minister.

Hon. Mr. Snow: Are you suggesting I should have a lady deputy minister?

Mr. Philip: In 1974 then, it was established. Can you give us any figures on the increase in the number of assistant deputy level positions since that time? Has there been any significant change in higher level positions in the ministry?

Mr. Gilbert: Yes, when you say—

Mr. Philip: All right, let's go further down and find out where we start then. What is the highest position presently in the ministry?

Mr. Gilbert: One of the directors in the communications division is—

Hon. Mr. Snow: —a lawyer and senior official, second in command, I guess, of the communications section, Vi Bielski.

Mr. Philip: In the category we would broadly call professional—for want of a better example, perhaps if you started at anything above \$20,000 a year, and I realize that is an arbitrary figure and I am willing to look at any other figure you might like to use for comparison—can you give us any percentage increase that has resulted since 1974?

Mr. Gilbert: I think first I should explain

that in the past we were primarily a technically oriented ministry. This was one of the major problems that we had to with our woman's program. There were a number of women coming into the organization but they were not in a position to take on senior positions such as you are talking about, assistant deputy ministers, and what have you. This has been one of the difficulties we have been faced with. This entire program is not only to give equal opportunity—and I personally like to speak about equal opportunity rather than a woman's program—an equal opportunity to these young professionals, as you say, and other women within the organization, to put them in a position so they could qualify and compete equally with men in our ministry. I think the success we have had in the last couple of years is in placing a number of professional women in positions so they will in the future be able to compete and qualify as senior office heads.

In the drivers and vehicles areas we have an office head who actually was acting as a secretary, executive assistant, or what-have-you, and within the last year has become an office head.

As far as actual numbers, percentages, are concerned I don't have them here but I can provide you with a breakdown and I can tell you now that you are not going to see any startling percentages showing that a large number of women have moved into senior positions within the ministry. It's a slow process.

Mr. Philip: Part of your budget for that office is in the area broadly called training. What percentage of that \$66,000 would be spent on training? About \$10,000, or is that further broken down?

Mr. Gilbert: The \$68,000 covers the three women we have in that area. The co-ordinator herself, the woman who assists her, and a secretary. As the actual dollars for training—do we have the actual dollars for training? I might say this too, Mr. Chairman, that a higher percentage of training programs throughout the ministry than before are now including women. They aren't broken down and allotted to these particular dollars that we are carrying in the deputy minister's office. This primarily covers the three people who are assigned to this program who report directly to the deputy minister. It also gives them some ability to promote equal opportunity to the managers throughout the regions in Ontario.

Mr. Philip: Are there women who are professional trainers or management trainers

in the general training programs within your department?

Mr. Gilbert: Yes, there are women.

Mr. Philip: Of the specialized programs directed, in terms of training how much money would actually be spent and what group would you be primarily gearing the programs to?

Mr. Gilbert: As far as the total training dollars go, I don't know. We can see if we can get it here. But to answer the second part of your question, we are directing our attention to all levels of the ministry. At one time we zeroed in on the more technical training within the ministry, then we found we had to expand more of our effort to prepare them to become better managers. In the last couple of years we have initiated—within the ministry—a management course that actually takes middle management people, some potential managers, a number of office heads, and attempts to broaden their information about the ministry's total activity and make them better managers.

So to answer your question, it covers technical as well as management training courses at all levels throughout the ministry.

Mr. Philip: In terms of the skill type of training, that is the management facilitator type of training, the human relations management type of training programs, are they purchased from outside the ministry or are you running your own training program?

Mr. Gilbert: A few selected support services are obtained outside the ministry, but primarily all our services are by people within the ministry whom we have developed through training programs. They come under the personnel branch and in the last year or so we have put a good deal of emphasis on that part of the ministry.

Going along with the problems we were talking about a while ago, with constraints and what have you, we see the need to make our people more flexible and better trained to carry out their roles. So we have, in the personnel branch, put more emphasis in the whole area of training and staff development as a whole.

Mr. Chairman: I believe Mr. Cunningham has some supplementaries to what has been asked.

Mr. Cunningham: Just one question. How many women did you say were on your senior appointment list?

Mr. Gilbert: How many women on the senior appointments list? There are no women on the senior appointments list as such. There is a branch director who is a

program executive, but on the senior appointments list, we don't have any woman at this particular time.

Mr. Cunningham: That's disappointing.

Mr. Gilbert: I think, Mr. Cunningham, I should repeat what I said before. You have to go back within our ministry and recognize we were primarily a technical organization. We just didn't attract the types of women who would now be, under normal circumstances, program executives and what have you. That's why we now have a number of good office heads coming forward and they will certainly be qualified for those kinds of positions.

Mr. Cunningham: If you're suggesting to me that there aren't women engineers, communications specialists, MBA graduates, business graduates, women lawyers—

Hon. Mr. Snow: We have women lawyers.

Mr. Cunningham: —women with real estate expertise—

Hon. Mr. Snow: We do have women lawyers.

Mr. Cunningham: —that couldn't advance to that level—if you have, for instance, 200 women, only 200 women, in the entire government at that senior level that I speak of, and you have none—I tell you, it doesn't speak very well of your program.

[3:45]

Mr. Gilbert: I think you have to go back to what I was saying, that we have women lawyers, we have women engineers, but, for instance, the number of women engineers in our organization, granted it's small, but they're also of fairly short service. When I was going through engineering, you might have one woman in an engineering class.

It is only the last few years it has grown. I know that the universities right now have maybe 20 per cent women. I can see that taking place. This is why we have had to put a good deal of emphasis on our program within this ministry, because it means training and staff development as quickly as possible, as I said before, to put them in a position of equal opportunity to the men.

Mr. Philip: Would you have job descriptions that you could supply us for the three women whose positions are involved in doing this work?

Mr. Gilbert: Yes, we can.

Mr. Philip: It would be interesting to see exactly what they are doing. I am not being critical in any way, because I really don't know what they're doing and I'd like to see what it is that they are responsible for.

Item 1 agreed to.

On item 2, financial services:

Mr. Philip: I just wanted to ask a question under financial services. What is the home owner assistance program and who benefits from that?

Hon. Mr. Snow: That is the overall government plan where officials are transferred from one city to another and where, if they do not sell their home within three months or some such period, the Ministry of Government Services takes it over and sells the home to allow the person to buy a new home in, say, Thunder Bay, or wherever. The loss, if any, or the real estate and legal costs involved in it are then charged back to us. Within the past year or two, because of our new regional offices organization, we have had a considerable number of transfers.

Mr. G. I. Miller: Could I ask how many were transferred this year and what the cost was?

Mr. Gilbert: We will have to get that information. You are asking for the number transferred this year and the costs involved? We can get that for you and have it for Monday.

Mr. G. I. Miller: Thank you.

Mr. Philip: I wonder if I can ask something about the recoveries of services section on item 2?

Hon. Mr. Snow: Can we just define what Mr. Miller wants to know here?

Mr. G. I. Miller: I would like to know what the average cost per move was and how many moves were made during the past fiscal year.

Mr. Biddel: I can tell you right now. The average cost of a move is around \$8,500. This is more than just the home ownership plan. That is the total cost of moving an individual from one geographic area of the province to another. The average cost is about \$8,500 to \$9,000.

Mr. G. I. Miller: Okay.

Hon. Mr. Snow: With regional offices, for instance, in Thunder Bay, North Bay, Kingston and London, in setting up the regional organization there have been a number of transfers between district engineers and regional managers in setting up that organization.

Mr. G. I. Miller: Okay. One further question to clarify that is, does this plan apply for all ministries, for all government employees, such as in the penal institutions and so on? What qualifies it?

Hon. Mr. Snow: There are standard plans set up by Management Board and if Natural

Resources transfers someone from head office to its Thunder Bay office or something, they would get the same moving expenses and so on as ours would. It's standard across the government.

Mr. Young: It wouldn't always be demanded, because someone might sell his house quickly.

Hon. Mr. Snow: Oh, yes, I was very much involved with this program when I was in the Ministry of Government Services, when it was actually set up at that time. The employee has the option, of course, of selling his own home and so on, but if we have transferred him and after a period of time he has not sold his home, then there is a plan whereby he can apply to have it purchased by Government Services so he doesn't end up stuck with two houses and not able to look after the one when he is moved. Then Government Services resell that house, sometimes at a profit, sometimes at a loss.

Mr. Young: This would apply moving from Thunder Bay to Toronto, and I suppose that's where the losses would occur more than the other way around.

Hon. Mr. Snow: It could be either way.

Mr. Philip: I just wanted to ask something on the recoveries of service, the data bank that you have. What kind of precautions do you have? Who can get into the bank and recover information from there?

Hon. Mr. Snow: Recoveries of service? That is the \$7 million item you are discussing, is that right?

Mr. Philip: Yes.

Hon. Mr. Snow: That is distribution within the ministry basically.

Mr. Philip: It is only ministry officials that have access to the data bank?

Hon. Mr. Snow: This is computer work that is charged to the ministry and then is redistributed. Some of it may be charged to engineering and some to different other areas. It's internal within the ministry, so we get the computer costs into the actual programs where they are involved rather than have all computer costs lumped in one. We do not run the computers. The computers are run by Government Services, although one of the computer centres is located in our Downsview operation. I guess the first government computers were installed by the old Department of Highways and they used to do work for other ministries, but since about three or four years ago all computers are operated by Government Services and we are billed for the computer costs.

Mr. Philip: Yes, I was talking more about the system which contains the records of four million passenger vehicles.

Hon. Mr. Snow: We will get to that in one of the next votes.

Mr. Chairman: Vote 2503, Mr. Philip, would deal with that.

Mr. Philip: I am sorry. It was referred to in the explanatory notes under vote 2501. That's why I referred to it at this time, but we can deal with it at that time if you like.

Items 2 to 5, inclusive, agreed to.

On item 6, audit services:

Mr. Cunningham: I have one question here if I could. I just notice it's up almost half a million dollars on a total expenditure of \$3 million. I am wondering what the basis of that increase is.

Hon. Mr. Snow: I am sorry; what was that?

Mr. Cunningham: It's item 6, vote 2501. Your estimates are up half a million dollars on a total expenditure of \$3 million. I am just wondering what would account for an increase in that order.

Hon. Mr. Snow: There was apparently a reclassification and retroactive pay for a large group of employees in that particular area; a reclassification by Management Board I presume.

Mr. Gilbert: There was an outstanding negotiation in the bargaining unit for the engineering audit group that had actually gone back over a year and a half, and that's why you will notice in the 1976-77 estimates for salary and wages, that's where the major increase came. It went from \$2,325,000 to \$2,722,000 actual, so really what you are comparing this year is the actual for 1976-77 to the 1977-78, which is approximately \$50,000-odd, but that's what's covered.

Hon. Mr. Snow: This includes not only the audit of accounts but also the engineering audit on all contracts—that is, the staff out in the field that take the measurements of amount of earth moved and so on for the contract. So it's not just the audit of books as you would think of as an audit. It's the engineering audit of the quantities in all contracts.

Mr. Cunningham: I'm still concerned.

Mr. Gilbert: You'll notice this year too, Mr. Chairman, that the staff has dropped between 1976-77 and 1977-78 from 174 to 166.

Mr. Haggerty: You farmed them all out, eh?

Mr. Gilbert: Pardon me?

Mr. Haggerty: You rented them?

Mr. Gilbert: The figure for 1976-77 includes the retroactive pay that came in that year of which some should have been applied back into 1975-76.

Mr. Cunningham: Have you people ever given any consideration to tendering some of these services out to the private sector?

Mr. Gilbert: Audit?

Mr. Cunningham: Yes.

Mr. Gilbert: Not audit, sir. That's one thing in any system, particularly in a decentralized system, the audit is very important to your organization—both the internal financial audit as well as the engineering audit and the management audit.

Mr. Cunningham: I appreciate the importance of the internal audit but I'm thinking about projects that are occurring outside of Toronto, some distance away.

Hon. Mr. Snow: These are decentralized throughout the regions.

Mr. Cunningham: Is that right?

Hon. Mr. Snow: Some would work out of Kingston, North Bay, Thunder Bay, London, and Toronto.

Mr. Cunningham: Fine. I have no more questions.

Item 6 agreed to.

Item 7 agreed to.

Mr. Chairman: This completes vote 2501. On Monday night next we'll commence with vote 2502, which includes UTDC.

Hon. Mr. Snow: It's all in that vote.

Mr. Chairman: It's all in that vote. So we'll commence with that vote on Monday night.

I should remind the committee that we have 10 hours remaining for consideration of these estimates. How the committee uses the time, of course, is up to the committee but I want to remind the members that votes 2503, 2504, 2507 and 2508 are particularly large votes. I just draw that to the attention of the committee.

The committee adjourned at 3:58 p.m.

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Cunningham, E. (Wentworth North L)
 Davison, M. (Hamilton Centre NDP)
 Gaunt, M.; Chairman (Huron-Bruce L)
 Haggerty, R. (Erie L)
 Miller, G. I. (Haldimand-Norfolk L)
 Newman, B. (Windsor-Walkerville L)
 Philip, E. (Etobicoke NDP)
 Snow, Hon. J. W.; Minister of Transportation and Communications (Oakville PC)
 Warner, D. (Scarborough-Ellesmere NDP)
 Young, F. (Yorkview NDP)

Ministry of Transportation and Communications officials taking part:

Johnston, G. H., Executive Director, Planning and Development Division
 Gilbert, H. F., Deputy Minister
 McNab, A. T. C., Chairman and Chief Executive Officer, Toronto Area
 Transit Operating Authority
 Bidell, W., Assistant Deputy Minister, Finance and Administration

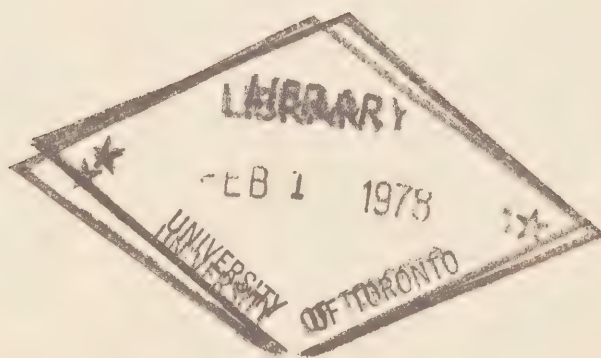


Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Resources Development Policy Field



First Session, 31st Parliament

Thursday, December 8, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

THURSDAY, DECEMBER 8, 1977

ESTIMATES, RESOURCES DEVELOPMENT POLICY FIELD

The committee met at 3:20 p.m.

Mr. Chairman: The committee this afternoon is studying the estimates of the Resources Development policy field. The minister has an opening statement, I believe.

Hon. Mr. Brunelle: Thank you, Mr. Chairman. I have some brief remarks. The money provided through the estimates of my ministry supports the work of the secretariat itself and that of two commissions, the Niagara Escarpment Commission and the Royal Commission on Electric Power Planning.

I shall deal first with the work of the secretariat itself. Through the efforts of the secretariat and the cabinet committee on resources development, a large number of proposals are moulded into government policies. The cabinet committee meets regularly on Thursday mornings to consider items brought forward by the nine ministries of the Resources Development policy field. These ministries, for those of you who may not be completely familiar with the policy field system, are the Ministry of Agriculture and Food, the Ministry of Energy, the Ministry of the Environment, the Ministry of Housing, the Ministry of Industry and Tourism, the Ministry of Labour, the Ministry of Natural Resources, the Ministry of Transportation and Communications, and the Ministry of Northern Affairs.

In the past year, representative issues that have been considered by the committee include: topsoil removal, from the Ministry of Agriculture and Food; the Ontario fuel saver loan program, from the Ministry of Energy; the disposal of liquid industrial wastes, from the Ministry of the Environment; the Elliot Lake environmental hearings, from the Ministry of Housing; the energy management program for industry, from the Ministry of Industry and Tourism; collective bargaining in the construction industry, from the Ministry of Labour; the policy for dealing with Indian land claims, from the Ministry of Natural Resources; and proposed revisions to the TATO A boundaries and regional participation in TATO A, from the Ministry of Transportation and Communications. On oc-

casion, the provincial secretariat brings forward items on its own; for example, the report on the land-use policy working group.

As the result of the consideration of this last item, a land-use committee has been established that reports directly to me. The committee meets regularly, about once every three weeks, to consider and make proposals on a wide range of aspects of land-use issues, and to improve the co-ordination and rationalization of land-use policies.

The secretariat, in assisting the work of the cabinet committee on resources development, analyses the proposals coming forward from the constituent ministries to ensure that they are complete and that they have dealt with issues of concern to other ministries' programs because of conflict, duplication or overlap with other programs or policies.

The secretariat consults with other ministries and the originating ministries to try to resolve as many outstanding unresolved issues as possible, before the debate in the cabinet committee on resources development. Some particularly complex proposals are brought forward to the committee on two or three occasions at different stages of development so that all ministries, including those outside of the field, can express their opinions on the directions being taken and can give guidance on additional points that should be included or, alternatively, on proposed points that should not be pursued. The cabinet committee on resources development has played this type of role, for example, on its section of the northwestern Ontario regional development strategy.

Another major part of the secretariat's work has been to serve as project manager for topics of broad ministerial concern. In performing such a lead role, the secretariat is responsible for bringing together representatives from all ministries with primary involvement in the subject to be examined, determining the various components to be studied, and ensuring that each component is assigned to an appropriate ministry for study. Depending on the complexity of the topic under review this process may take several months and may involve contracting specific projects to independent consultants. Once these studies are complete, the secretariat,

with the ministries involved, examines the results and formulates policy recommendations or general status reports which are usually submitted to the cabinet committee on resources development. The secretariat performed this role for the Kawarthas development strategy.

In performing a project management role, the secretariat may assume the responsibility for overseeing the planning of the implementation phase of policies which have been adopted. Once again this involves those ministries which have a major interest in the policies to be adopted. The secretariat, as project manager, assists these ministries in co-ordinating the steps that have to be taken so that the implementation is executed on a critical path that melds the different implementation phases appropriately. Once this process has been completed, ongoing responsibility is usually assigned to a line ministry. The secretariat acted as project manager, for instance, on the Pickle Lake development.

The secretariat also maintains liaison with the private sector. Members of my staff and I met recently with representatives of the Ontario Chamber of Commerce to discuss problems that they consider to be serious impediments to a healthy economy. We have agreed to continue these discussions on an ongoing basis. The cabinet committee on resources development also meets with such delegations as those of the Canadian Mobile Home Association, the Canadian Mining Association, the Ontario Road Builders Association, and others from the private sector. Through these meetings, several committees composed of representatives of line ministries and private groups have been established.

Work in the area of science policy is the responsibility of the secretariat and my deputy, Mr. Dillon, is chairman of the advisory committee on science policy. The advisory committee provides effective co-operation between the provincial government, the universities and industry. It also co-ordinates liaison with other provinces and the federal government. We retain Dr. Alexander King, former director general of scientific affairs for the Organization for Economic Co-operation and Development and co-founder of the Club of Rome, as the adviser to the Ontario government on science policy. We are fortunate to have a man of his calibre and stature to assist us on a regular basis.

My own duties also include responsibilities for native affairs. In this role I am responsible for the co-ordination of policy formulation and program delivery, and for co-ordinating the government's communications with native peoples in Ontario. Mine is purely a

co-ordinating role, and I would like to point out that responsibility for specific policy development or program delivery for native people rests with the line ministries.

In the native affairs area, I am supported by two committees, the advisory committee on native affairs and the joint steering committee. The advisory committee on native affairs is a group composed of senior civil servants and with myself as chairman. We meet about twice a month and more often if there are serious problems to be considered. The joint steering committee is composed of the heads of the four main organizations of registered Indians and the members of my advisory committee. Those four main organizations are Treaty No. 9, Treaty No. 3, the Union of Ontario Indians, and the Association of Allied and Iroquois Indians. This committee was established a little over a year and a half ago, at the request of the Indian organizations, as a forum for discussions of issues of concern to registered Indians throughout the province and the government.

As I mentioned at the beginning of my remarks, I am also responsible for two commissions, the Niagara Escarpment Commission and the Royal Commission on Electric Power Planning. I will speak on each of these briefly.

[3:30]

The Niagara Escarpment Commission was created in 1973 to administer the Niagara Escarpment Planning and Development Act. Its general goal is to protect the natural environment of this significant natural feature of Ontario and to ensure that development permitted in the area proceeds in such a manner that it is compatible with the natural environment. The commission is supplemented by two advisory groups, the regional and county advisory group and the interest groups' advisory group. These two bodies have allowed broad input to the plan, which is now in the final stages of preparation and should be published before mid-January. The commission has served Ontario well in its work to ensure that the future development of the Niagara Escarpment will not be allowed to destroy its special characteristics and attractiveness.

The Royal Commission on Electric Power Planning, established in 1975 to look into the long-term planning of Ontario's electric power system, I am sure is well known to all of you. The commission's report was originally anticipated late this year or early next year. However, interest in the topic of nuclear power has been extremely intense and this has resulted in the scheduling of

30 extra days in the January-March period in 1978 for nuclear hearings alone. This will allow the commissioner to submit his interim report containing his views and conclusions on the nuclear program by June 30, in time for this item to be considered by the select committee of the Legislature, which will begin its review of the nuclear commitment on July 1.

Mr. Chairman, this concludes my introductory remarks on my role as Provincial Secretary for Resources Development. The topics I have dealt with are covered in more detail in the briefing material that was sent to the members. If there are any members here today who did not receive a copy of that briefing material, we would be pleased to make it available. Also, I have copies of the preliminary remarks I just gave.

With reference to the two commissions, I would like to mention we have with us Mr. Ron Smith, the executive director of the Royal Commission on Electric Power planning, and Mr. Ivor McMullin, the chairman of the Niagara Escarpment Commission, as well as Mr. Gerry Coffin, the director.

I also mentioned, I believe, that I have responsibilities to the French-speaking population. We have also been joined by Mr. Armand Charlebois, who works with Mr. Don Stevenson, the co-ordinator for bilingual services in Ontario. The other people at the back of the room are members of my staff.

We would be pleased to receive comments and to try to answer any questions the members might have.

Mr. Bolan: First of all, Mr. Minister, thank you for providing us with this information yesterday and for your opening statement.

When I was elected to the Legislature, I must say I was rather pleased when my leader asked me to become the critic for your particular ministry. I glanced down the large number of ministries in your policy field and I said to myself, "This is going to be very interesting." But I have to say it's rather dull because, with the greatest respect to you, I think your ministry is redundant and, as far as I'm concerned, a waste of taxpayers' dollars.

That is not to take anything away from your ability. I know you are a good minister. You have proved that in the past. I'm quite certain the members of your staff are very competent people as well. However, I think one of the indications of the importance attached by the government to this ministry is the fact that you have three hours to debate its estimates. I think that speaks for itself.

Mr. Chairman: I should clarify that point, Mr. Bolan. Actually, five hours initially were set aside for this estimate. The House leaders got together and decided three hours would be appropriate in view of the severe time constraints. Since we didn't get started till almost 3:20 and we're trying to conclude before 6, you can place part of the responsibility for the restriction of time on the House leaders and the other part on the chairman.

Mr. Wildman: We'll put as much as we can on the chairman.

Mr. Bolan: In any event, I feel this ministry does not play a significant role in government. One of the main areas which concerns this ministry is the co-ordination of the other ministries. In that regard, I have five or six topics I would like to discuss with you, Mr. Minister.

The first topic is the co-ordination between the Ministry of the Environment and the Ministry of Natural Resources with respect to the mercury contamination problem in the English-Wabigoon waterway system. This is something that has received lots of attention by this Legislature and by the public; and rightly so, I think, because if we are going to be contaminating lakes and rivers we must try to deal with the problem as effectively as we possibly can.

This province was so concerned about mercury pollution that in 1976, I believe, a report was made by a team that was sent by the government of Ontario to Iraq and Japan to study the mercury contamination problems in those two countries. This team made a report which was presented to the government on June 22, 1976, and which contained certain recommendations.

The recommendations are on page 119 of the report. With respect to fishing, it says:

"1. Fish from the Wabigoon and lower English River systems should not be used for human or animal food.

"2. It is recognized that the most effective method of achieving the first recommendation is to close the waterway to all forms of fishing. In particular, this would protect the fishing guides who are the population most at risk.

"3. The commercial fisheries should remain closed in the Wabigoon-English River system until the mercury levels in the fish reach acceptable levels for health."

On the last page of the report—in fact in the last paragraph which I have, in any event—is another item dealing with the methods of reducing mercury levels in sediments. It is recommendation number nine. It's recommended there that a study should be undertaken immediately on the feasibility of re-

moving or nullifying the effects of mercury in the more severely contaminated sections of the Wabigoon-English River system.

Dealing with that last point, perhaps the minister has some information as to whether any feasibility study has been carried out with respect to the removal of the mercury in certain areas of that river system.

In any event, following this report, the matter received even more attention and—again, I'm pointing this out to show the co-ordination that exists between the Ministry of the Environment and the Ministry of Natural Resources—it was reported in one of the newspapers in Ottawa on May 6, 1977:

"Ontario Environment Minister George Kerr says he favours closing the mercury-contaminated English-Wabigoon River system of northwestern Ontario to fishing, but indicates that he has not been able to get cabinet approval.

"Mercury from the Reed Paper plant at Dryden has destroyed the way of life of residents of the Grassy Narrows and White-dog reserves and produced the symptoms of mercury poisoning in 31 of 87 residents tested by federal scientists in the spring of 1976."

The article goes on at some length, and it states in the third last paragraph:

"Dr. Brian Wheatly, co-ordinator of the environmental contaminants program, medical services branch of the Department of National Health and Welfare, said: 'It is my personal opinion as a physician, that some people on the reserves do show signs of mercury poisoning.'"

The last paragraph reads:

"Until Wheatly made his statement, most scientists have said that while some natives show symptoms of mercury poisoning, there was no evidence to prove it."

This was said on or around May 5 or 6 of 1977 by the Minister of the Environment (Mr. Kerr). Then the Minister of the Environment was rebuked by the Minister of Natural Resources (Mr. F. S. Miller) when in the *Toronto Star*, dated May 19, 1977 the minister made this remark:

"Miller said yesterday in his speech about mercury pollution in the English-Wabigoon River system in northwestern Ontario: 'Our government, after a very careful study of the suggestion to ban sport fishing in the river when we received it from Mr. Kerr's ministry, rejected it as being both superficial and simplistic.'"

"In a prepared statement, Kerr said: 'Miller's speech proposing government help to relocate the Grassy Narrows and White-dog Indian bands to the other areas was the first comprehensive public summary of the

situation.'"

Here you have two ministers with contrary views over something which I consider of great importance, not only to the people of that area but to the whole province of Ontario. The remarks by the Minister of Natural Resources also appear to be the expression of the cabinet and reflect how insensitive the government of the day was, and is, to the people in that area.

We haven't heard the end of this yet. Today we've heard the Minister of Labour (B. Stephenson) and the Minister of the Environment give some explanations about a so-called report which is being drafted relating to some autopsies which were performed on infants. I'm quite anxious to see what the report is going to say and, as I requested in the House, I personally would like to see a copy of the draft report before it is finalized. I don't know whether that can be made available through this ministry; however, I'll leave that with you for now.

Again, I would like to know, where is the spirit of co-ordination between these two ministries which form part of the so-called superministry, the Provincial Secretariat for Resources Development?

I am still on the same topic, mercury. This has to do with sport fishing management in contaminated waters. How would I feel if I were a tourist coming from the United States or somewhere out of the province and I were to go up to a lodge in northern Ontario—

Mr. Wildman: Minaki.

Mr. Bolan: Not yet. Having spent lots of money to get up there, to rent a boat or bring my boat up, and for my meals. Then walk into the main lodge and there on a neat little table, is a pile of information provided by the Ministry of Natural Resources that says, "it's dangerous to eat fish." I am not saying they should not be warned if there is a danger in the waters—and I understand according to a ministry report in 1972 there were some 300 lakes in the province which were contaminated by pollutants—the public is entitled to know about it. But, by the same token, what are we doing to clear the lakes, clear the streams of these pollutants?

[3:45]

Again, what are we doing to encourage and to develop fishing management and the sport of fishing in northern Ontario? Mr. Minister this is very important for the tourist industry and for the people of northern Ontario who depend so much on this sport. I am a fisherman. I don't know whether you know or not, but the decline of fish in the lakes is just astounding. I can go into some

lakes and I'll come back maybe with one or two, 10 years ago, I would always bring back my limit—only my limit, of course. In any event, they were very easy to get.

Now it's really one of the problems we have today, especially for the people who come from out of the province. They travel all kinds of miles to get here, and go to Lake Nipissing, for example. That lake is a tremendous lake, it's very productive, but it's over-fished. They get there, spend three or four days, and leave with two or three fish.

We're not going to get any place with the development of our fishing programs unless there is good management. Again I ask, what is your ministry doing, sir, with respect to co-ordinating the other ministries as it applies to sport fishing management?

The other question I would like to discuss with you, Mr. Minister, is what is the government planning within these ministries for resource towns in northern Ontario?

Hon. Mr. Brunelle: Resource towns?

Mr. Bolan: Resource towns. That's right. I'm thinking of lumber towns; I'm thinking of Blind River, which was once probably one of the largest lumber towns in North America. McFadden, I believe, was the mill. What are our plans?

I think we have to take a long-range look at all of these, Mr. Minister, because those resource industries are not going to be there forever. Let's face facts. The mine in Timagami, for example, is eventually going to be mined out. There is no doubt about that at all. The lumber areas—the North Bay area, the Nipissing area. It is only natural that after a period of time particularly when you deal with non-renewable resources, the towns have to get away from that particular industry. The sad part about it is in the meantime the taxpayers of the province, the federal government and the provincial government, have spent millions of dollars building an infrastructure for these towns, for these communities. They put up schools, put in sewers and water systems, which are all very expensive. This expensive infrastructure is there. Then the day comes when the town has to just about shut down or reduce its labour force tremendously—again, I think of Blind River, which is probably the most classic example of what happens to a resource town without good planning. The people leave, and you are left with all of these assets and no one to put them to use.

I don't know what your plans are, Mr. Minister. I don't know what plans these various ministries within your ministry have to deal with these one-industry resource towns

when eventually the light goes down. My understanding is that following the Inco lay-offs reference was made by the Premier (Mr. Davis) to a committee consisting of certain members of the cabinet, of which I believe you would be one, Mr. Minister, to be formed to look into the mining communities of northern Ontario. Perhaps you can tell me what is being done in that regard within this particular ministry today.

Another area which is very dear to my heart which I'm getting very concerned about—and I think we should all be—is the general region, sir, where you and I both come from, northeastern Ontario. The primary question I have is not so much what the policies of these various ministries are for the development of northeastern Ontario, but what programs do you have in mind for the development of these policies?

In looking through your estimates, some reference is made to programs which are going on. You speak of a plan for northwestern Ontario, a regional development strategy, which is fine. I might say that after many years something has been done to northwestern Ontario and it has reached the point where right now northwestern Ontario is probably one of the most affluent parts of this province.

Industry is there and people are working. I was there in September with the committee on Bill 22, and those people are really quite unique. They are like a class in themselves. They refer to us as "down-easterners" and they won't have anything to do with us at all, because we have botched things down here, but they get along very well.

I think it's very pleasing that over a period of time governments can get together, go into a region as they did there and turn it around. I think that's the way it should be done, but I address myself to northeastern Ontario and I say, "My goodness, what have we got there? What have we got?"

Look at the various reports which have been made. They started in 1957 and I think the sixth one, the northern Ontario strategy development program, or whatever it is, was filed in 1976. It's good policy, but the fact still remains that nothing is being done about it.

I look at my own area. Some time ago we were supposed to get some DREE grants—and you might see if you have an answer for this one; I still haven't been able to get it from anyone. In any event, some three years ago, as you know, Mr. Minister, northeastern Ontario was considered by the federal government as being on the same level as New Brunswick for purposes of

development, because it was classified in that category which made it eligible for federal DREE funding to build in infrastructure to bring in industry in these various communities.

North Bay was on the list but something happened and I think it all went to north-western Ontario, in fact. We got delisted. I am told that the federal minister in charge of that program was here yesterday.

Hon. Mr. Brunelle: Yes.

Mr. Bolan: I am also told there was a meeting with certain government officials. I don't know whether you were involved in that.

Hon. Mr. Brunelle: I was there.

Mr. Bolan: Hopefully, you will have some good news for us, that we have been put back on the list and that we are part of, shall we say, approved in principle communities in northeastern Ontario eligible for DREE grants.

I could go on at some length to talk about northeastern Ontario and the lack of development there. I could speak of the Sudbury report by the chamber of commerce called "A Profile in Failure." I disagree with many of the things in that report, mind you. They want to make Sudbury a sort of a power-broker city in northeastern Ontario with everything else sort of spinning off it; places like Blind River—I am sorry for referring to Blind River so much but I have been there and I have seen it and it's a tragedy.

Mr. Wildman: North Bay and the Sault and Timmins would be spinoffs from Sudbury, according to them.

Mr. Bolan: That's right, they would be just satellite communities, but in spite of the harsh tone of this report, "A Profile in Failure," there are still some little gems which are coined, which I feel I should read. One of them is on page eight: "In the absence of any meaningful strategy of development the northeastern Ontario regional strategy has to be labelled as a textbook case of an upper-class welfare project." I think that is well put, frankly.

Hon. Mr. Brunelle: Who made the comment?

Mr. Bolan: The Sudbury and District Chamber of Commerce. Mr. McKeough didn't like the comments too much when he read that report. He went on to say, in fact, that not in his lifetime would there be any secondary industry developed in northeastern Ontario. That's an actual remark he made in a speech.

Mr. Wildman: During the election campaign.

Mr. Bolan: It was during the election campaign.

Mr. Wildman: It wasn't received very well in Sudbury.

Mr. Bolan: Yes, and especially today, people remember that. Again, that is an indication of the general attitude which prevails in the minds of some people as to what northeastern Ontario is all about.

I look at your ministry and I look at you as a competent person and I say to myself, "Why can't they put it together?" The machinery is there to do it, because you have first-rate, top-rated civil servants and unquestionably they have talent, unquestionably you have talent, unquestionably some of these other ministers must have talent, but, my God, let's put it together. You've got your reports going back to 1957. You've got your recent study, which came out in 1976. Let's get something going on this. Surprisingly, I note that the Ministry of Northern Affairs is not included as part of your ministry.

Hon. Mr. Brunelle: Yes, it is.

Mr. Bolan: You had not mentioned that.

Hon. Mr. Brunelle: It was an error, an omission. Northern Affairs definitely is part of the secretariat.

Mr. Bolan: I was going to say that I thought it should be, but in any event I am pleased that it is.

Another interesting comment made by the Sudbury and District Chamber of Commerce in this report is at page 12, at the bottom, where it says: "The central problem of the northeast is the one-industry syndrome. The settlements are devoid of a diversified economic structure and are subject to wild fluctuations determined by the national and international demand structure for the resource." Sudbury is a good example of it right there; to wit, the mining industry.

"The perennial problem of out-migration by the young and the venturesome continues unabated. The vast economic landscape is unmarred by a single urban-industrial matrix which exhibits self-sustaining dynamism."

In any event, Mr. Minister, I feel that you do have the mechanism to bring about some development program for northeastern Ontario and I would like to hear about that after I've finished my remarks.

All of this ties in with the mining industry. As you know, the mining industry is probably the most maligned industry in Ontario today, if not in Canada. I don't believe that right now, certainly not in the province of Ontario, and perhaps not even across Can-

ada, there is one major mine going into production. I think that has to say something, really it does.

Over the past number of years we have lived off of our resources, as a result of which we have neglected our other economic bases, one of which is the manufacturing industry, of course. It was very fine to live off the mining industry and off the lumber industry as long as there was no competition. Again, that is the reason for Inco being where it was in the mid-Fifties. There was nobody to compete with it. However, the day came when other countries, through technological developments, were able to bring out mineral resources at a rate cheaper than we can do it, and we now find ourselves in the position that we are in right now.

[4:00]

The state of the mining industry does concern me. We now find that the whole mining industry is in very severe difficulty. We have been telling the government, and particularly the Minister of Natural Resources, for a number of years now of the problems that were coming up in this area, but the government has not responded.

There was a report put out by the ministry—it is the ministry's own report—entitled "The Ontario Metal Mining Industry—Present and Future," which was released in February 1977. Concerns were raised over the accumulating inventories of finished metal products and it warned that unless markets improved soon further reductions in mineral production could not be averted. Some of the comments made here with respect to various mining industries are very interesting.

The reason I am saying all of this is that we could be witnessing the phasing out of that particular industry in the twilight of the 20th century. Again, this goes back to what I said before, when I was speaking of what are we doing by way of some kind of a program or some kind of a plan for the resource industry towns, because eventually they are going to be phased out.

In any event, dealing, for example, with some of the various minerals in this province, the report says: "The Ontario nickel industry is the world's largest nickel production complex and Ontario's largest mineral producer. It is suffering from a massive accumulation of inventory of finished metal as a result of the recent recession and of lower than anticipated rates of growth of consumption in major markets." That's on nickel.

Copper: "The rate of growth of the Ontario industry appears to be slowing down. Stockpiles are at high levels throughout the world and there is little promise of price strength in the near term."

Let's go on to zinc: "Ontario's inventory of known, undeveloped zinc resources is not adequate to maintain its present mined zinc production status in the world through the year 2000." What do we do about exploration?

Iron: "The trend in Ontario iron ore production was steadily upwards until 1973 but in 1974, 1975 and 1976 fell back again. There is a very low probability of establishment of new iron mines in Ontario in the next five to 10 years. Several existing iron mines in Ontario are expected to close in the next five to 10 years so that it appears that this portion of the Ontario metal mining industry is due for a marked reduction in size." Again, this is all put out by the ministry in a report "The Ontario Metal Mining Industry—Present and Future."

Gold: "Future gold prices are uncertain, but if they continue in the present range the future of much of the Ontario gold mining industry is in doubt, if not in jeopardy. In the short run, little relief can be expected in the form of significant improvements."

That is one of the pictures in the mining industry today and, frankly, it's a sad one. When the committee to inquire into the Inco layoffs was formed, our party proposed that the standing committee on resources development be constituted as a select committee to inquire into the state of the resource sector in Ontario and to make recommendation thereon. That was asked for by our leader again today, and I would hope that this is something which would bear fruit.

This may have been touched on in the Environment estimates, nevertheless, to me it is something which your ministry should be concerned about—the question of this action brought by the government of Ontario against Dow Chemical. What is happening with that action? The action was started seven years ago. What is the status of it?

Mr. Martel: It's in limbo.

Mr. Bolan: To use legal terms, have pleadings been completed? Have examinations for discovery been held? Have production of documents been made? Have all of the necessary affidavits of production been filed? We don't know the status of that action today on one of the largest, most significant actions ever taken by the government of Ontario.

We would like to know just what is going on. Is it going to be settled out of court? If it is going to be settled out of court, I think the people of Ontario, who have a vested interest in this action, are entitled to know what the terms of settlement are. I don't know if you have information on that particular lawsuit today; possibly some inquiries can be made about it.

Another area this ministry should be involved in is co-ordinating the conservation of energy in the different ministries under your jurisdiction. As you know, the lumber industry and the mining industry use huge amounts of energy. I wonder if there is some way your ministry can look at the whole energy package being expended by these various resource industries and whether something constructive can be done about it.

On the question of energy, our information is that funding has been set aside for development of a methanol plant in north-eastern Ontario; perhaps your ministry has some information on that.

Mr. Wildman: Blind River would be a good spot.

Mr. Bolan: That's right.

Last but not least, an area over which I don't believe you have too much jurisdiction but one in which you are involved—native affairs. I feel this government has, by default, simply abrogated its interests in the native people of this province. I look at various actions or inactions which the government has taken and many of these lead to this conclusion.

Take the Wild Rice Harvesting Act; if given proper assistance by the province of Ontario the native people could develop this industry. They are accused of harvesting only five per cent of the wild rice, yet many of the problems of harvesting relate to matters over which they have no control, such as high water levels in some years. For example, the range of harvesting might run from 20,000 pounds to one million pounds, depending on the level of the water.

I would like to know why the Ministry of Natural Resources is not involved in advancing funds and assisting these people to develop their rice fields so they don't lose these crops. Our information is that the actual harvesting of rice by the natives in that area is considerably higher than it is reported to be.

I look at these articles which appear in various newspapers: "Licences Sought to Pick Wild Rice"; "Two applications to harvest wild rice on Crown land in the Kenora area, a right presently restricted by government

policy to Indian bands, went before a hearing at the Ministry of Natural Resources office in Kenora on Friday." This is on September 5, 1977.

Dealing with that report: On November 10, a letter from the Ministry of Natural Resources to Chief Simon Fobister: "This will acknowledge your recent letter of November 2, It is regrettable you were unable to attend the hearing due to late receipt of the notice." They send them a notice. The notice gets there late.

They go on to say: "As a new hearing cannot be held, I have attached the press reports of the hearing. It gives a fair, comprehensive report on the proceedings. If you have any questions on the matter presented, please feel free to call on me personally."

Isn't that nice? First, they don't send the notice on time, then they tell them the meeting can't be held again. That is unfair treatment. That's not treating people right.

First, we're enlarging the Act to let people come in who have no right to harvest it. This can only be done, Mr. Minister, after an inquiry; after an application has been made there has to be a hearing on the matter. Yet these people come and the people who are affected by it get a notice the day after the hearing. The ministry says: "That's very unfortunate. We're very sorry to hear about that. Please feel free to call us any time. We'll tell you what happened and and we'll send you a press clipping. It gives a fair, comprehensive report on the proceedings." That, sir, in my view, is not fair treatment of our native Indians.

There was a question addressed to you in the House. It had to do with the Kenora office of the Indian community secretariat where five people were dismissed. This was asked of you on November 9, 1977 by the Leader of the Opposition (Mr. S. Smith): "What happened to this vaunted notion of interministerial co-operation and this marvelous secretariat the government was setting up?" You indicated, sir, there was only one vacancy. Our information is that there were five vacancies. The five people who were running that office were no longer there and the positions had not been filled. I would like to know whether or not these vacancies have been filled and the status of these jobs.

Hon. Mr. Brunelle: On that question, I'm sure you are aware that I spoke to your leader and gave him that information but I'll be pleased to speak on that.

Mr. Ashe: He doesn't communicate with his party.

Mr. Bolan: We have problems.

Dealing again with this rice thing: "Ministry Viewed As Enemy"; this is an example of what native people think of the government of Ontario. When you get a chief of a band who looks at his government as an enemy, my God, what's going on? Are they at fault? Surely we must examine our own consciences as well and see if there is any truth in what they're saying.

This story is from a newspaper from northwestern Ontario, Sioux Lookout. The paper is dated November 9:

"Indians see the Ontario Ministry of Natural Resources as an enemy, the provincial royal commission on the northern environment was told Tuesday. Jim Windigo, a Treaty No. 3 Indian and president of the Manomin wild rice co-operative, told the commission during the second day of hearings that the ministry is the principal agent for those who steal from the Indians.

"We're all familiar with the story of how the white man came to our country, stole our land and exploited the Indian. Practically every time, the story is told as though the thieving took place in the past. Unfortunately, the theft of Indian resources is still taking place and the major agency used to carry out the theft is the Ontario Department of Natural Resources." That's what some of our citizens think of the ministry.

Mr. Ashe: Do they say what they think of Trudeau?

[4:15]

Mr. Bolan: That's their problem.

Again: "Ministry Is A Thief, Hartt Hearing Is Told." That's a bit stronger, but in any event it's an indication of how people feel—people to whom we owe some responsibility. I think your ministry and you personally, under the terms of the office you hold, should inquire into that. You should go up and talk to them. There's nothing wrong with talking to these people.

The greatest insult, I believe, as a member of one of the most affluent provinces or countries, is to be made aware that CanSave funds are going to native Indian children on the same basis as our funds for Third World countries. The question was asked of you in the House and my information is that it's true. CanSave, which is for Third World countries, goes up into that part of the province and has to say: "Look, the big fat cats down in Queen's Park can't take care of you. We'll go out with a tin cup and raise the money and pay it to you." That, Mr. Minister, has to be a slashing indictment against this government. It's a slashing indictment against

us, because there is no justification for that to happen in this society.

The last item I'd like to deal with is the Niagara Escarpment. This has to do, sir, with the Ontario aggregate working party, which according to the Ministry of Natural Resources, wants to be given the power to set quotas of aggregate extraction. They would open up new pits and new quarries and the information I have is that these new pits and quarries would not be subject to provincial Environment ministry control or impact assessment studies. Perhaps your ministry or one of your officials would have some information for us on this? What is going on with respect to these licences for pits and quarries in the Niagara Escarpment?

Mr. Ashe: Perhaps you could tell us something about pits and quarries with regard to northern Ontario too.

Mr. Bolan: That's right. Those are the remarks which I have. Thank you.

Mr. Wildman: At the beginning, I'd like to express my appreciation to the Provincial Secretary for Resources Development for supplying us with the briefing notes. They were very useful and I was able to use them in my preparation.

I found it difficult, to make a coherent critique of the secretariat, or the role of the secretary and his staff, for two major reasons: One is a strange amalgam of wide-ranging responsibilities for resources policy development; the other is the number of interrelated specific areas of responsibility given to the secretariat or the secretary. There appears to be no coherent *raison d'être* for this conglomeration of competing responsibilities, other than the personal, political and cultural background of the minister himself.

Even more difficult and regrettable is the secretary quite often appears to be a spectator to policy decisions and directions taken by the various ministries within the resources policy field. No real co-ordination appears to be taking place. As the Liberal critic pointed out, one just has to look at the English-Wabigoon river system and the disagreements between the ministries of the Environment and Natural Resources on what should be done in that area and what the actual problem was over the last few years to see there are some areas where there is almost no co-ordination between ministries within this policy field.

If the secretariat were given the priority its terms of reference deserve, it would and should become the most important vehicle for determining and directing overall economic policy in the government. Unfortunately, the Premier and his colleagues don't

see this secretariat, nor any of the other policy secretariats for that matter, in such a light. No clear role on policy development and implementation is set out for the secretariat, other than participating in weekly or monthly meetings of the various committees in the policy field and greeting various delegations.

When one considers the dominant position of the Treasurer (Mr. McKeough) in the development and implementation of resource policy in comparison to the secretary, one wonders who is indeed in charge of this policy field. Also, the failure of this secretariat to fulfil its mandate in northern Ontario must have been part of the motive behind the establishment of the new Ministry of Northern Affairs.

The terms of reference for the co-ordination of policy and delivery of services of the new ministry for the north, and the secretariat for the whole of the province, appear very similar. I was going to comment on the fact that the Ministry of Northern Affairs wasn't listed in the briefing notes as one of the ministries within the policy field, but the provincial secretary has clarified that and I'm glad—

Hon. Mr. Brunelle: The Ministry of Northern Affairs is represented in the three policy fields—resources development, social development and justice.

Mr. Wildman: Good. I was just about to ask if it was part of this policy field, and if not, why not. I'm glad it is. Considering the co-ordinating role given to MNA in the north, it makes sense for it to be on the other policy committees.

I'd like to get some clarification on the relationship between the committee on resources development and the Ministry of Northern Affairs, of which it is part. It could appear that the co-ordinating activities of the Ministry of Northern Affairs might be redundant or at least be the same sort of thing that this secretariat is supposed to be doing. In some cases, they might even be in conflict.

This may not be a great problem, however, since most ministries of this government often operate almost as if they existed in a vacuum. Thus co-ordinating efforts are very unlikely to come into conflict with one another. What is lacking is an overall provincial economic strategy. In the long stream of plant shut-downs and layoff announcements we've been experiencing, while suffering from rising unemployment, already the highest since the great depression, the government's weak or almost non-existent response to these problems tragically illustrates that our economy suffers

from a lack of planning and rational development.

Mr. Martel: Got a triple-A rating though. Its policy got a triple-A rating.

Mr. Wildman: The government is unable to come to grips with forward-looking policy and continues to respond with ad hoc reactions to immediate problems. As I pointed out in the discussion of the estimates of the Ministry of Tourism a little over a month ago, our economic problems are not just the result of short-term cyclical fluctuation in world markets, as many of the ministers point out, but are the result of basic structural weaknesses in our economy that have developed over the last 20 or so years.

While Canada was second only to the United States in manufacturers per capita in 1955, by 1974 this country ranked seventh. Using the sector analyses being prepared by Industry and Tourism, and its own analysis of the structure of our economy with regard to resources, the secretariat should make policy recommendations for changes to promote desirable economic development in Ontario.

Policy directions for development over the next decade must be developed and implemented by the ministries within the policy field, with the concurrence and leadership of TEIGA. I was hoping that this afternoon we could find out when we might expect these new thrusts by the government in the area of resource development.

Central to any economic policy initiative is improved planning and management of the natural resource sector. Government policy in mining and the forest industries seems to have been dominated by a short-term rather than a long-term approach. Because of the myth of never-ending riches, the approach has been to deplete the resources and, when they have disappeared, moving on to other areas of endeavour. As long as those resources are largely exported for processing and manufacturing, we continue to export jobs; processing is far more labour-intensive than is resource extraction. If we are to develop a growth economy, especially in the north, the philosophy must change to one which says if it is mined here, it must be refined here.

When might we expect this kind of approach and a reply from the government to the report of the select committee on economic and cultural nationalism which dealt at length with these problems? I would also like to know which ministry, or which ministries, if there is more than one, is responsible for preparing the government's response to that report. Two years ago the Minister of Industry and Tourism (Mr. Bennett) indicated

in his estimates that it was the job of his ministry and of the Ministry of Culture and Recreation to prepare a response to the committee report.

Hon. Mr. Brunelle: Which report?

Mr. Wildman: Economic and cultural nationalism. When I raised the matter in the Ministry of Industry and Tourism estimates this year, the minister had forgotten he had said that his ministry was one of the lead ministries in preparing a reply. That indicates how much importance the government is placing on preparing a reply to the committee's report. I hope that is not the case. I would like to find out which ministries within this policy field, or which ministry within it, is playing a part in preparing the government's response to the committee's report.

The government's approach obviously involves tax concessions and writeoffs for new equipment to encourage mining. Frankly I don't think these benefit mining or miners or our unemployed. They haven't been successful in the past, but the government remains wedded to this approach for stimulating resource industries and employment. This whole approach serves to perpetuate the "mine it, ship it out and get out" sequence that so often results in ghost towns in northern Ontario.

I would like to comment on the request made today for a select committee to look into the resource sector and the future of the resource sector in Ontario. The Leader of the Opposition raised this issue in the question period and it has been raised at other times by members of our caucus—I think as late as today by our acting House leader, the member for Sudbury (Mr. Germa), at the House leaders' meeting.

I would like to know what the government intends to do on that request and in looking at the whole resource field in Ontario, because we do have serious problems, not just in the mining industry.

I would like to look for a moment at the timber industry. It is becoming more and more apparent that what should be a renewable resource is dwindling by our failure to regenerate the cutover areas and general mismanagement of our forests. Unlike Mr. Bolan—perhaps I misinterpreted what he was saying—I can't see it as inevitable that communities dependent upon forestry should deplete their resources. Those resources are renewable and if we were managing our forests correctly, we would be farming them, not mining them, and the resource would continue to be present, to be regenerated, so that for generations we could continue to

exploit those resources for the benefit of the community involved.

Mr. Bolan: When I made that remark, I had in mind the fact that the government was probably not controlling existing programs of reforestation.

[4:30]

Mr. Wildman: I would agree with your comments regarding Blind River. We should be fair and point out that one of the problems leading to Blind River's difficulties was the great Mississagi fire in the late 1940s which wiped out one of the best stands in northern Ontario. We can't deny that. But if we'd been managing our resources better, perhaps we wouldn't be in that position in Blind River today.

There is a possibility that the veneer mill will reopen in Blind River but there just isn't enough good timber left for it to be a long-term thing. They're looking at two, three, five and at the outside seven years of exploitable veneer timber in the area. Again, we're looking at a short-term thing.

It seems a tragedy that a community like Blind River would be facing those kinds of problems and I appreciate the concern the Liberal critic had for that community. The new industry, if it opens, will be useful, but it's not a long-term solution to the problems of that community or of the whole north shore.

To deal more generally with timber, one of the problems is that so much time and effort and money has been spent in developing the technology for extraction of timber wealth while very little effort and attention has been given to the maintenance and productivity of our forests.

We're now in the position of having reached the final tracts of exploitable virgin timber in the northwest. If we are going to exploit them, we must ensure that development will be of the farming rather than of the mining nature, to use that analogy. That is, our forests must be renewed. I'd appreciate it if the provincial secretary would give us some indication of the initiatives that are being taken by the ministries within his policy field and by the secretariat in proposing new programs to ensure that the forests are renewed.

We all know the Hartt commission has been set up to deal with economic development in the area north of latitude 50 degrees north. I'm concerned about changes in the government's resource policy south of 50 degrees north to deal with the stimulation of secondary manufacturing and processing

of our minerals and timber and for the long-term development of the economy.

In terms of forestry I hope we will not see a perpetuation of the quantitative approach to regeneration now used by the Ministry of Natural Resources and referred to by the Premier in his comments during the election—two for one or one for one or whatever it was.

The Ministry of Natural Resources now proudly publishes reports showing total numbers of acres treated for regeneration, showing they have gone up over the last number of years. I'll admit they have. They also show the great cost per acre. One of the problems is they're concerned more with numbers of acres that have been planted or scarified or whatever, rather than with the qualitative results of those planting or regeneration methods.

Rather than being concerned with the total number of seedlings planted, we should concentrate on the types of trees planted and more importantly, how many of those trees planted or those areas that are supposed to regenerate themselves naturally are actually growing and flourishing five, 10 or 20 years later. The question is not how many trees do we plant now, but how many actually grow. How many will survive and how long will it take them to reach maturity? I hope the whole approach will move away from a quantitative one to a qualitative one.

Specifically in relation to the Hartt commission, I hope the provincial secretary can clarify the government's attitude toward development north of 50 degrees before the final report comes in. A number of proposals for development have been made in various areas of Ontario north of 50 degrees, and I would hope that the relationship between Mr. Justice Hartt's inquiry and those proposed developments can be clarified.

As an aside, I hope the provincial secretary can indicate how many ministers and/or ministries will be appearing before Mr. Justice Hartt because one of his roles is the co-ordination of the government's presentations to the commission. It appears rather silly to me for the commission's staff to have been concerned about the fact that one or both of the opposition parties intended to appear before them because they were concerned about partisanship, when so many government ministries were slated to present briefs. It's a rather strange approach by the commission's staff. I'd be interested in knowing how many ministries are going to be appearing before the commission.

In the provincial secretary's role as cabinet advocate for Ontario's natives, I wonder if

you feel you're being consulted enough on issues involving the various ministries at work with natives and with natives' problems. By the Ministry of Natural Resources, for instance, when it is dealing with things like land claims treaty, hunting and fishing rights; by the Ministry of Housing when it is dealing with things like section 40, rural and native housing; or, in economic development, by the Ministry of Agriculture and Food in terms of ARDA; or by the Ministry of Industry and Tourism; or by the Ministry of Culture and Recreation when it comes to grants and loans for economic development of both treaty and non-status native people of Ontario.

I wonder why the provincial secretary has to redirect or take as notice so many questions on these issues when they are raised in the House. I don't mean that as a personal criticism because I think the minister is very concerned about this area. I just wonder if enough consultation is taking place.

I realize there are the committees that meet—the cabinet committee and the liaison committee—but it seems to me that major decisions are being taken by the various ministries without much consultation with the provincial secretary.

I don't understand why the Indian community secretariat is part of the Ministry of Culture and Recreation if this minister is the one responsible for native affairs in Ontario. It would make more sense to me if the minister had direct control over the Indian community secretariat—at least over the economic development role of that agency. If you're responsible for native affairs and regional development policy as well, it seems you should be the one dealing with those kinds of issues directly.

I was going to go into the question of wild rice but that was dealt with by the Liberal critic and I won't follow that up. I'd be interested in the minister's comments.

I hope the minister could indicate to us what his role has been in negotiation with the federal government regarding the 1924 land agreement. What's happening? What is the status of those negotiations? They have been going on for about 50 years now. As far as I know, they are held up now in the legal department or by the legal beagles in the federal Department of Justice.

As the minister probably knows, until this agreement can be finalized between the federal and provincial governments, the whole question of development of resources on Indian reserves is in limbo, certainly in terms of minerals.

I'd also like to talk a little bit in relation to the provincial secretary's remarks regarding his role in regional development and northwestern regional strategy. I wonder if he would agree with the comments of the Bureau of Municipal Research in March 1977 that: "The objective of decentralizing economic and population growth to the north and east is not being achieved. In northern Ontario, for example, the labour force tied to forestry and mining has been in relative decline. The population growth has been slower than the province's as a whole and incomes tend to be below the provincial average. It is fair to say that the government has not made significant inroads in solving the problem of regional disparity."

I would also like to have the provincial secretary's response to the remarks of the member for Algoma-Manitoulin (Mr. Lane) in last year's estimates of the secretariat. I want to quote briefly from some comments he made at that time, which I think were very interesting, coming from a Conservative member from northern Ontario who is concerned about regional development. I am quoting from Hansard of the committee of supply, November 24, 1976.

Mr. Lane said: "... I think if we allow these large companies to sort of blackmail us into saying where they want to be." And then later talking about companies, he said: "... there are always going to be reasons why they stay there"—meaning southern Ontario—"unless we jump on them with both feet and say, 'To hell with it, you're going to build where we want you to build or you can bugger off some place else.' A few of them may do that, but darn few. Ontario's a pretty good place to do business. They'd find a place to locate, and I think we have to get tough about some of these things."

"I think if we can start a trend to the north, if a few businesses go up there and start to do business, they're going to find out there are not all that many bad things about being in the north."

Later on he says: "I think if we get a little tougher on some of these larger companies, about where they can and where they can't locate, I think they're probably going to be a little more co-operative with us."

And further, "I really think, sir, that the government of this province has to say, 'Sorry, but you can't locate there and these are the reasons; it's food-producing land and we will not allow it to be covered up with concrete.' I think if we say that, and say it often enough, they're going to hear it and eventually heed it."

Those are comments made by John Lane, the member for Algoma-Manitoulin, in the estimates last year and I think that they are very good comments. They certainly indicate what has to be done in this province if we're going to have northern development and if we're going to have rational development in the resource sector and in manufacturing in this province. I'd be interested in the provincial secretary's response to that.

I hope that today we can allay the fears of the municipal research bureau, to which I referred earlier, when they fear that TEIGA planners are starting to denigrate the effectiveness of economical planning. Has the government given up on the planning approach to the economy, or the resource development? If not, when might we see some real strategic and regional planning—not just all of these reports? Let's see something implemented, something done.

In regard to regional economic development in eastern Ontario, can the provincial secretary indicate which agency authorized or recommended to the cabinet the acquisition of the Edwardsburgh industrial park? The Minister of Industry and Tourism has made it pretty clear on a number of occasions that he opposed the plan and felt it was an error, and yet he is supposed to be the lead minister. If he wasn't involved, who was responsible? By "he" I don't necessarily mean Mr. Bennett. I'm talking about his predecessor as well. When can we expect a final decision on what is actually going to be done with the land acquisition at Edwardsburgh? In terms of regional development, I think we have to look at that.

To move on so that I won't be taking up all of the time here—obviously I want to talk about your role in science policy because if we're going to diversify our economy to provide more employment opportunities, our industry must be competitive. In the responsibility for science policy, I hope we can find out today what steps the cabinet committee is proposing to encourage domestic R and D because the Science Council of Canada reports that only three per cent of the plants located in Canada carry on serious research and development.

According to the National Research Council—and these are Canadian figures, they refer to the whole country and are certainly significant—only 0.35 per cent of our GNP is spent on R and D, compared to about 1.7 per cent by firms in the leading industrial nations of the world; so we're at about half. I hope that the provincial secretary or Dr. King can give us some idea what the gov-

ernment is doing to increase the amount of R and D initiated and carried on by Ontario industry.

[4:45]

I wonder if you really think that domestic research by the private sector will increase significantly as long as our industrial sector remains largely dominated by branch plants. Obviously, as long as our manufacturing remains truncated and branch plant in essence, we will continue to have no real efforts in R and D in competition with the foreign parent firms.

As I said before, we need a response from the government to the report on the select committee for economic and cultural nationalism. I hope the secretariat is involved in that.

Finally, in this period of crisis in Confederation, I would like to discuss briefly what might be the provincial secretary's most important responsibility—that of bilingualism and franco-Ontarians. I would like to know what the secretariat's and the provincial secretary's activities in this regard have been over the last year.

Can we find out what initiatives on possible restructuring of the constitution have been discussed by the cabinet committee? What bilateral contacts has this minister or other ministers made with the Pequist ministers to discuss the future of this country?

I wonder if the minister is satisfied that adequate progress has been made to enable the francophones in Ontario to communicate with health care, social services and other government agencies in their own language in this province. Is it government policy that franco-Ontarian rights are separate from the whole Quebec-Canada debate, and will be preserved, no matter what the outcome of that debate?

I hope the provincial secretary can answer my questions, Mr. Chairman. As I indicated at the outset, my leadoff might appear somewhat disjointed; that results from the myriad of diverse responsibilities held by the secretary. I have not dealt specifically with the Royal Commission on Electric Power Planning, nor with the Niagara Escarpment Commission and how they relate to the need for overall provincial economic and land-use planning. But I hope to deal with those later on this afternoon and I look forward to the provincial secretary's replies to my questions and comments. Thank you.

Mr. Chairman: Thank you, Mr. Wildman. Would the minister like to respond to the opening comments?

Hon. Mr. Brunelle: Thank you, I'll try to respond to the remarks by the members for Nipissing and Algoma and I'm sure they'll remind me if I've omitted certain things.

First, the member for Nipissing (Mr. Bolan) referred to the lack of co-ordination with the ministries in the resource policy field, using as an example the mercury contamination in the English-Wabigoon river system. On that subject, I would say, Mr. Chairman, this is probably one of the subjects on which our policy field in the cabinet has spent more time than on any other subject that I know of. It's a most difficult one.

When it comes to the question of whether the river system should or should not be closed, there are good arguments on both sides. I myself have mixed views. I can give some very good arguments why it should be closed, and at the same time there are good arguments why it should not be closed. It's a very difficult situation and I think the Minister of the Environment (Mr. Kerr) felt and still feels the river system should be closed. However, this was not a question. It was dealt with at CCRD but this was a policy decision, a cabinet decision and there were conflicting views. But the overall consensus of cabinet was that the river system should not be closed.

I believe that Mr. Miller's statement in Sudbury at the end of May—and you referred to it, Mr. Bolan—was quite a clear statement as to the reasons why he felt that not much would be accomplished by closing the river system. It's a huge system. I forget how many miles; it's probably 400 or 500 miles; it starts from Dryden and goes right up to the border. Supposing one was to say, "We'll close the river system and there will be no fishing," how do we enforce this? It's one of the reasons the decision was made that it should not be closed.

I believe it was the Ministry of the Environment that issued some literature listing the amount of fish that could be eaten—say one meal a week or two meals a week in certain areas. As you gentlemen know, there are in this province more than 250,000 lakes of two acres and over. A substantial number of them have natural mercury. This whole question of mercury is a most complex one.

You referred to the feasibility of removing mercury. We had a meeting—I believe it was two weeks ago tomorrow. Treaty No. 3 met with myself and Mr. Miller and also with the Premier, and there was a separate meeting by the two chiefs and members of the council, Chief Isaac Mandamin of the Whitedog Indian reserve and Chief Simon Fobister of the Grassy Narrows reserve. They put the question to the Premier: Why not remove the

mercury from the English River-Wabigoon river system? This matter is a very difficult one. Up until now the studies that have been done indicate that it would be practically impossible to remove the mercury from the bottom of that river. It's a most difficult thing.

This also had been looked into, I remember, in Lake St. Clair years ago. What has been suggested as far as the river system is concerned, and we have agreed to this, is that the debris of logs and so forth would be removed. The native people of the two bands asked for this and this will be done.

Mr. Bolan: I hate to interrupt you at that point—

Hon. Mr. Brunelle: Go right ahead.

Mr. Bolan: Just one question arising out of what you've just said with respect to the removal of the mercury. Have you looked into the feasibility of going to those parts of the river which are near the plants where the pollutants were dumped originally? My understanding is that there are concentrations of the mercury in certain areas. I merely ask if that is one part of it which has been looked at. We're never going to get it all out.

Hon. Mr. Brunelle: No; that's right, apparently it remains there for years and years and years. But the idea has not been discarded. The federal authorities, in conjunction with the provincial authorities, are still considering this possibility.

The member also referred to the importance of the sport fishing management program in Ontario. This was discussed as recently as this morning at CCRD. I agree with what the member is saying, that fishing in Ontario is declining in Lake Nipissing, in northeastern Ontario, northwestern Ontario, southern Ontario. Why? Because of more fishing pressure and at the same time the deterioration of the environment due to pollution coming from outboard motors, cottage owners and so forth. There is a need for a more intensive fish management program. Unless we do something, we will not be able to continue to enjoy fishing as we see it today.

Mr. Wildman: I'd like you to comment specifically on Lake Nipissing, McGregor Bay off Manitoulin and the mouth of the Mississagi near Blind River—which I understand are three main areas of concern to M and R—regarding fish stocks and also to native treaty rights and to the administration of the federal fisheries Act.

I would hope some time in your reply you can give us some indication of the results of the negotiations between the Minister of Natural Resources and the Union of Ontario Indians in regard to those areas and the prob-

lems of hunting and fishing rights under the treaty.

Hon. Mr. Brunelle: You're referring to the meeting that was held about a week ago Thursday? As a result of that meeting, Mr. Miller has asked his staff to send to those Indian reserves a guideline policy on fishing and hunting, and he has asked for their comments. This is being done now. I think it may be a few weeks before they respond and before he outlines his policy. That is presently being considered.

On the dollar value of the fishing industry to Ontario, it was \$350 million. Do you recall, Dick? No, it was \$450 million—the value of the fishing industry to Ontario. The commercial fishing industry I believe is about \$20 million, so sport fishing accounts for a substantial amount. That is why we agreed there is a need to do more in the fish management program.

The member referred to the resource towns—Blind River was referred to by both Mr. Bolan and Mr. Wildman—and also the mining towns. It's quite true there are some economic problems and some dark clouds on the horizon with reference to mining communities and also to some communities that depend on the forest industries. But Blind River—I'm a little familiar with that community.

Several years ago there was a strong possibility that a pulp and paper mill would be constructed in Blind River. Domtar, I believe, was the company. They looked at Blind River and, as for most companies today that build a new pulp and paper mill, I would say it would be an investment of anywhere from \$25 million or more.

However, they had also looked into northern Quebec where there was a good supply of black spruce. Apparently the Quebec government of the day provided some financial incentives that were more attractive than were available in Ontario, so the decision was made by Domtar to locate in that area.

The timber, I understand, is still there at Blind River and we're still hoping some day there could be some sort of industry utilizing the forest resources.

Both Mr. Wildman and Mr. Bolan referred to the northeastern regional strategy report and referred to the comments from the Sudbury chamber of commerce. Coming from northeastern Ontario, I also would like to see more industrial development taking place in northeastern Ontario. However, it's not easy.

Mr. Conway: Not with all those socialists kicking around, it's not easy.

Hon. Mr. Brunelle: If you take mining,

for instance, I think one of the members said that there hadn't been a new mine opened. One opened at Pickle Lake about two or three years ago, but I believe that if that mining company had to do it over again, I doubt that they'd locate there. Today it takes at least \$40 million, if not more, to put a mine into production. The low price of base metals is a world problem. The economic climate is just not favourable.

With regard to the forest industry, though, this is a renewable natural resource which provides a large part of the employment in northwestern and northeastern Ontario. I'm optimistic that most communities that depend on forest products will continue to exist and our forest industries will continue to be viable.

With reference to the report itself, the northwestern Ontario report is presently at the printers and our secretariat was very much involved in the preparation and in the co-ordinating role with the other ministries. A meeting was held at Quetico Park, I believe, in September with the northwestern Ontario municipalities and they provided their comments. That report is at the printers; it's quite a good report and it will be released to the various municipalities and chambers of commerce for input.

[5:00]

Coming back to the northeastern report, there have been several reports. There is a committee chaired by deputy ministers who are working on a northeastern strategy.

Mr. Bolan referred to the DREE grants. He referred to the fact that northwestern Ontario seemed to have a better economy than the northeast. Decisions were made a few years ago that DREE grants should first go to northwestern Ontario; I believe about \$50 million, if not more, went to northwestern Ontario.

Mr. Bolan: It was \$47 million.

Hon. Mr. Brunelle: Unfortunately, the period of budget constraints came about just when it was time for northeastern Ontario, and we didn't get as large an amount. However, Sudbury, Timmins—

Mr. Bolan: Parry Sound.

Hon. Mr. Brunelle: —Parry Sound, did receive assistance.

Mr. Bolan: All around us.

Hon. Mr. Brunelle: With reference specifically to Nipissing, as I mentioned yesterday morning, Mr. Lessard, the federal minister responsible for the DREE program, mentioned Nipissing and it's being seriously considered. A decision should be made some time early this spring—February or March.

With reference to the mining industry, it's not all dark. The report mentions the role that our secretariat plays. I'd like to refer to Bending Lake. You gentlemen are familiar with Atikokan. As you know, Atikokan's Steep Rock mine is either closing or about to close. Nevertheless, about 50 miles north of Atikokan there is a large deposit and the intention is to develop that.

Referring to the meeting with Mr. Lessard yesterday, there is consideration being given to a federal-provincial agreement to provide assistance for a road and for a slurry pipeline. This will be an innovation—it's the first of its kind in Ontario. The intention is that the workers would commute. The community of Atikokan itself has all the services—the schools, the hospitals and so forth—and the workers would commute. So this is the sort of role that our secretariat has been playing.

Dr. Martin Walmsley is with us today. Dr. Walmsley, has played a very important role with this ministry in getting co-ordination with and information to Natural Resources, Environment and other ministries.

I hate to mention the next subject, but referring to questions raised about the status of the action against Dow Chemical, I would like to be able to give you a progressive status report. But all I can say, is that I will be pleased to make the status of that available to the members of this committee. As the member mentioned, it's been five or six years since an action was taken and—

Mr. Conway: We've spent a few dollars on that.

Hon. Mr. Brunelle: I may be wrong, but the way I understand it—it's a very difficult case—the Attorney General (Mr. McMurtry), I believe, is the minister who will be taking the government—

Mr. B. Newman: Do you provide the funds for the case to be heard? Do you provide the legal fees?

Hon. Mr. Brunelle: No.

Mr. Bolan: Do you have outside counsel on that?

Hon. Mr. Brunelle: I believe it's strictly being handled by the Attorney General.

My staff tells me that is correct.

Mr. Conway: Is it true that the legal fees on that case, from the point of view of arguing the government's side, are now well into the millions of dollars? I heard that the other day.

Hon. Mr. Brunelle: On that, I must confess I don't know what the cost is, the status and so forth. But I'd be pleased to get that information and—

Mr. Chairman: The figure used in the Environment estimates, if I might try and be helpful on this, is \$150,000.

Hon. Mr. Brunelle: Mr. Bolan referred to the conservation of energy—about the large amount consumed by the industries and what our role should be. I am not sure if I am answering his question, but there has been a study in my area. The Hearst forest operators, in conjunction with the municipality and the Ministry of Energy, have funded a study. The final report has been released.

We told Mr. Lessard yesterday we would like to see some federal assistance in getting this pilot project under way. There is enough waste—bark, sawdust, chips—to supply enough electricity for the town of Hearst, which has a population of about 5,000. This also would have application for Chapleau and other communities in your area.

Native affairs: Mr. Bolan referred to wild rice harvesting. Two weeks ago Treaty No. 3 met with Mr. Miller, the Premier and myself. This is one of the main subjects that was discussed. Last summer Mr. Miller made a draft policy available to all Treaty No. 3 and to the Indian bands on the reserves and asked for their views on how this policy should be established. To my knowledge this is still being considered.

I think that we all agree that the native people should be considered, especially those who live in those areas, but the policy of the ministry had been up until now that the non-native people also should be considered if they apply for a permit to harvest wild rice.

You referred to the water level. It is quite true the water level is a serious problem which affects the harvesting of wild rice. Of course, the fluctuating levels involve the Ontario Hydro dams and, again, there is some very good co-operation between the Ontario Hydro and the Ministry of Natural Resources on that subject.

Mr. McClellan: I gather that Hydro has stopped the practice of destroying the beds through flooding. If you want to call that co-operation, I suppose that's one way of putting it.

Hon. Mr. Brunelle: I would say that there has certainly been a lot of consultation these last few years on that.

Mr. McClellan: I'm not denying what you say, but I don't approve of the word "co-operation" in that context. I suppose maybe coming to one's senses is a better way to describe what's going on there.

Hon. Mr. Brunelle: There is, of course, also the question of supplying power. I think

you will appreciate the importance of supplying power. Hydro has to have dams and control the levels of water, so it is one of those areas where there are conflicting uses.

The member referred to the Indian community secretariat office, and the vacancies in Kenora. The main office is now in Thunder Bay.

Mr. Conway: That was in Wong's Cafe, wasn't it?

Hon. Mr. Brunelle: One of the resource officers left to go to, I believe, Manitoba, the reason being he was offered a better salary. That position, to my knowledge, is still not filled, but it has been advertised. There is a full-time secretary in the Kenora office and it's also being serviced by resource officers located in the area. I believe there are some officers in Fort Frances and Dryden.

Mr. Reid: What's the salary compared to some of the hockey players?

Mr. McClellan: Are they staffed right now?

Hon. Mr. Brunelle: There is someone; there is a secretary in the office and there are resource officers from Fort Frances and Dryden in the area who spend maybe two or three days a week in Kenora. But the main office now is in Thunder Bay.

Mr. McClellan: That's because the people keep quitting on you in Kenora.

Hon. Mr. Brunelle: People go to other provinces. We lose a lot to the federal government and—

Mr. McClellan: People move on. Yes.

Hon. Mr. Brunelle: Mr. Bolan referred to the CanSave program. I looked into that, Mr. Chairman, and apparently what happened is that a request was made to the local officer of the Indian community secretariat. I never heard of it until the Leader of the Opposition raised it in the House.

Apparently the officer made a decision at that time that there should not be funding, but I think you are aware that we are—when I say we, I mean the Ministry of Natural Resources—providing fish to both bands, mainly white fish, at no charge.

Mr. McClellan: Where do you get the fish?

Hon. Mr. Brunelle: It comes from the fish marketing board in Winnipeg.

Mr. Bolan also referred to the Niagara Escarpment Commission and the pits and quarries Act. I think you mentioned, Mr. Bolan, that they were not subject to the environmental controls, the extraction of—

Mr. Bolan: Right.

Hon. Mr. Brunelle: I am not familiar enough with it to answer. I don't know whether Mr. McMullin, the chairman, or Mr. Coffin, the manager, could speak on that subject.

I should mention that on the Niagara Escarpment Commission Mr. McMullin is the chairman and Mr. Coffin the manager. They have been very busy in the last year. They have been holding meetings on average of about two days a week, every week sometimes.

Mr. McMullin: I didn't completely understand the question, Mr. Chairman. He mentioned the working party and the Niagara Escarpment Commission, which are two separate entities, and as far as I know the mining of gravel anywhere is subject to environmental—

Mr. Wildman: Not northern Ontario. It doesn't apply to the north.

Mr. McMullin: Could be, I suppose.

Hon. Mr. Brunelle: It doesn't apply to northern Ontario?

Mr. Wildman: It applies only in certain places inside the Niagara Escarpment district. Not the whole province.

Hon. Mr. Brunelle: There are fairly strict controls, Mr. McMullin, on the extraction of gravel and sand on the Escarpment.

Mr. McMullin: The minister's order at the beginning of the commission was to issue no new licences until the Niagara Escarpment plan was finished. The pits operating in the area I live in and certainly throughout the Niagara Escarpment area are subject to controls of the Ministry of the Environment when it comes to dust and water pollution and that type of thing.

Mr. Chairman: I think the question, Mr. McMullin, had to do with the opening up of new pits and quarries. Would those be subject to environmental assessment? I think there is some doubt about that.

Mr. McMullin: In the north I am not sure, but certainly I think they are in the control area we are in. In the north I don't know. I know there are different rules for different areas.

Mr. Chairman: Would the minister want to complete his remarks?

Hon. Mr. Brunelle: Mr. Wildman referred to my varying responsibilities.

Mr. Wildman: I referred to your ability to handle them.

Hon. Mr. Brunelle: Well, no—

Mr. Wildman: You don't handle them?

Hon. Mr. Brunelle: With regard to the question of bilingualism services for the French-speaking population, I am the only French-speaking minister in the cabinet. Maybe while we are on the subject of bilingualism also, you mentioned about—

Mr. Conway: Is Mr. Bernier not bilingual?

Hon. Mr. Brunelle: Mr. Bernier does speak French.

Mr. Reid: Pidgin French we call it.

Hon. Mr. Brunelle: He comes from Hudson, near Sioux Lookout, which is a community probably 98 per cent English-speaking. His wife is English-speaking, so therefore his environment is practically English-speaking, but I believe his father was French-speaking.

[5:15]

On the question of bilingualism, we have done a lot over a period of years but we have done more in the last year. As you know, the documents you carry—such as your birth certificate, driver's licence, marriage certificate, although I guess you don't carry that on you—are all bilingual. Some publications are bilingual depending on the publication itself. More and more is being done in that line.

You referred to my being vice-chairman of the cabinet committee on Confederation. We meet on an average of once and sometimes twice a month, and we have an advisory committee comprised of Mr. Ian Macdonald, the president of York University, who is the chairman of this advisory committee. The conference at York University in June, which you may have attended, or with which you are familiar, is an example of the type of thing that we're doing.

When it comes to the question of what we are doing about the constitution itself, and what our role is with the Quebec government, I would say, Mr. Chairman, that I think we're all optimistic that this country will stay together, but the decision as to whether Quebec separates or not will be made by the people of Quebec itself. But being the sister province and the largest province and the province with the largest number of French-speaking persons outside of Quebec, I do believe we in Ontario do have a role in showing that a French-speaking person can be at home in Ontario. In those areas where there is a large French-speaking population, as in the riding of our friend Mr. Belanger, of Prescott and Russell, my riding and parts of your riding, we are providing as many services in the French language as we possibly can.

Mr. Wildman: In relation to that, isn't it rather difficult now for a person in Ontario, even in the Ottawa area, who has a mental disorder to obtain treatment by a qualified French-speaking practitioner? And in my area it's not just in the case of mental problems but in ordinary physical problems for which you go into a hospital. You mentioned that if someone goes from Dubroy to Sault Ste. Marie after an accident, it is more likely that there will be someone to speak Italian in the Sault hospital rather than French.

Hon. Mr. Brunelle: That is very true, Mr. Chairman. There is certainly a shortage of bilingual doctors—and not only doctors but dentists and other professional people.

With reference, Mr. Wildman, to the co-ordination between the Ministry of Northern Affairs and our resource policy field, I do believe there is no conflict there. As I mentioned earlier, the Minister of Northern Affairs (Mr. Bernier) attends the three policy fields; his is a co-ordinating role and I believe that we complement one another—I don't believe there is any conflict.

Mr. Reid: May I ask one question there, Mr. Chairman, because I notice that in the booklet that is provided—

Mr. Wildman: It's an error. I asked them to clarify it.

Hon. Mr. Brunelle: Yes.

Mr. Wildman: They forgot about it.

Mr. Reid: Obviously, a very important ministry.

Hon. Mr. Brunelle: That ministry is represented on the three policy fields and certainly it was strictly an omission.

Mr. Conway: We thought for one moment that you might not have been complementing, like Leo.

Hon. Mr. Brunelle: Mr. Wildman referred to the lack of overall economic planning for northeastern Ontario—he also said that not only the mining but the refining should be done in the north. We certainly agree that more of the processing should be done in the north.

Mr. Wildman: Or at least in Ontario.

Hon. Mr. Brunelle: Yes. Mr. Lane feels very strongly and we support his remarks of last year in Hansard where he was referring to the need for more industry to establish itself in the north. I remember that at one time he was saying—I forget whether it was Falconbridge or Inco that has its research plant in Mississauga—that there is no reason why the company should not locate its research plant close to the mining operation.

Mr. Wildman: I should be fair to John. Last year when he made those comments he was feeling rather ill. He had the flu and he made it very clear at the end of his comments. But do you support his idea that the government should be telling those companies where to locate and where not to locate? I think that's very progressive of John Lane.

Hon. Mr. Brunelle: I don't think we should tell the companies to locate there but I think maybe we should make it more attractive. We should create a favourable economic climate so they would relocate.

I don't think we should direct. I don't think under our free enterprise system we can do that, but we should make it more attractive and give more urging to locate in the north.

Mr. Wildman: Maybe, that's why John isn't Minister of Northern Affairs.

Mr. Reid: There are other reasons.

Hon. Mr. Brunelle: With reference to the forest industry. The Ministry of Natural Resources is really doing a lot more in forest management and regeneration. Also there are some important programs under way.

For instance, may I refer to the hybrid poplar program. It was discussed yesterday morning with Mr. Lessard. This is in eastern Ontario—in the Cornwall area, I believe—where they are growing hybrid poplar; it can mature in 10 to 12 years. Do you have a sample there? Can you pass it around? This is how many years, Martin?

Dr. Walmsley: Five years. Yes.

Mr. Reid: What do we do with it?

Hon. Mr. Brunelle: There are many, many uses for poplar.

Mr. Conway: That's what I would like to interject. Is there any truth to rumours circulating that the government has made a decision in connection with this sort of program to build a large methanol plant somewhere in eastern Ontario? Is that just a rumour? There are quite a number of rumours circulating around the Ottawa area.

Hon. Mr. Brunelle: Mr. Dillon will speak to this, Mr. Chairman.

Mr. Dillon: Mr. Chairman, I think it was about a year ago that the Minister of Energy got together a group of people here in Toronto and started a very intensive program involving industry, the universities and several ministries to really look seriously at this methanol program. They have been making good progress. The economics are not proving to be quite so good as was originally suspected. In other words, the cost of regular fuel gasoline is not quite high enough yet.

The present cost of gasoline makes methanol not so economically attractive as it was once thought to be. But inevitably it's going to come. The interest is building all the time and, as the minister said earlier, there are tons and tons of waste in the north that can be turned into methanol, among other things. This is going to come. So there has been no decision to go ahead yet.

Hon. Mr. Brunelle: Mr. Wildman referred to the Hartt commission. How many ministries will be appearing before the commission? To my knowledge the ministries of Natural Resources, Correctional Services and, I believe, the Environment, have appeared.

Mr. Wildman: And Northern Affairs.

Hon. Mr. Brunelle: Northern Affairs, that's right. I will be appearing before the commission in Timmins, as the spokesman for the native organizations.

Mr. Reid: You're appearing in Timmins as a spokesman for the native organizations?

Hon. Mr. Brunelle: I should correct that. I'm the co-ordinator for native affairs. I also chair, you may be aware, a joint steering committee comprised of the four main organizations. So in my role as the co-ordinator I will be making a presentation to the Hartt commission in Timmins.

Mr. Reid: I wonder if you could expand on that.

Mr. Chairman: Not right now, Mr. Reid, if you don't mind. You're on the list and we're never going to get through with the opening comments here.

Mr. Reid: There will be very little to say after the opening comments, Mr. Chairman.

Mr. Chairman: We've got only a little over a half an hour for the entire vote so I think we're going to have to move along.

Hon. Mr. Brunelle: Mr. Wildman asked why the Indian community secretariat does not come under our secretariat. As you may know, that branch used to be under the Ministry of Community and Social Services and when the community citizenship division was transferred to the new Ministry of Culture and Recreation, that branch came under the division that was transferred.

Mr. Wildman: I don't understand that. Do you think that should be the case? It would make more sense to have the economic development under your direction, I would think.

Hon. Mr. Brunelle: It could be. It could also go under Natural Resources; or it could go under our policy. It is quite true. This was looked at closely.

Mr. Reid: It divided responsibility though for some strange reason.

Hon. Mr. Brunelle: Mr. Wildman referred to the Indian land claims. As you know, there is a Mr. Ted Wilson in the Ministry of Natural Resources who is responsible for reviewing the land claims. I have a status report on 27 of the Indian land claims.

Mr. Conway: Can you table that for us?

Hon. Mr. Brunelle: Yes.

Mr. Reid: We may not have a riding after you've finished with it.

Hon. Mr. Brunelle: This is a status report; for instance, on the Timagami land caution you are familiar with.

Mr. Wildman: Before you leave that, Mr. Minister, can you comment on the status of 1924 land agreement negotiations?

Hon. Mr. Brunelle: That is still under review. As you know, there is a federal land claims commissioner and that is still being reviewed between the two governments.

The member referred to the Edwardsburgh land assembly. You are probably aware of that report. Mr. Conway asked me about it. It is now public. There is a copy in the legislative library. I believe a copy will be sent to each of the two parties and those recommendations are being considered by the local municipal authorities in conjunction with the ministries involved, mainly Natural Resources, Industry and Tourism and Agriculture and Food.

Mr. Conway: Has someone sat down and had a long talk with John White? I also note, that his reports are in the public library in the high school in the local area, so they too can look at them.

Mr. Wildman: Can you append to that report Claude Bennett's remarks at the time this thing was organized?

Mr. Reid: To the effect that you'd have to be nuts to do it?

Mr. Wildman: That's right.

Mr. Sterling: Unfortunately, I wasn't here, Mr. Wildman, so I don't have a copy of that statement.

Mr. Chairman: Order.

Hon. Mr. Brunelle: Mr. Wildman also referred to the science policy. He said we are not doing sufficient in that area with reference to research and development. Mr. Dillon is the chairman of the advisory committee on science policy. Perhaps Mr. Dillon could elaborate on what we are doing in that area.

Mr. Dillon: Mr. Chairman, the question was: What does the committee propose to

do to encourage domestic R and D? Well, the committee itself could not do anything, but is satisfied that the government, through the Ministry of Industry and Tourism, is doing a fair amount in this respect. It grants about \$3 million to the Ontario Research Foundation on a formula basis. This money is used by the foundation to stimulate an interest in science and research on the part of Ontario industry. So in that respect the government is doing something.

There was a statement that Canada spends 0.35 per cent of its gross national product on R and D versus about twice this amount by other leading countries. This is quite true. But it isn't at all clear that the difference, in itself, is meaningful. I don't think anybody in the science establishment in Canada is satisfied with the amount of R and D and, perhaps, would never be. But when you look at the countries with the larger expenditures percentage-wise, you find that they are doing a tremendous amount of this in defence work and so there is an imbalance there which makes it difficult to make a comparison.

[5:30]

Branch plants—that aspect of the industrial economy definitely doesn't help R and D in Canada, no question about that. It is a concern.

Those are the main questions, Mr. Chairman.

Mr. Wildman: The only other question I had that hasn't been answered was, when could we expect, and who is responsible for, the response to the select committee on economic and cultural nationalism?

Hon. Mr. Brunelle: This does not come under our secretariat or our policy field. Dr. Walmsley, would you know who is preparing replies to this report?

Dr. Walmsley: It was being co-ordinated by Mr. Handleman.

Hon. Mr. Brunelle: It would now be Mr. Grossman in the Ministry of Consumer and Commercial relations.

Mr. Wildman: In other words, Claude Bennett was completely wrong when he said it was his ministry and Culture and Recreation.

Mr. Conway: You left Sidney Handleman in charge or near our cultural nationalism?

Mr. Wildman: Thank you, I will ask Mr. Grossman about that.

Mr. Chairman: Would the committee like to take these item by item? They are quite distinct and separate and appears that that

would be the logical way to take them, if the committee concurs.

So we will take the first item. The people I have on my list are Mr. McClellan, Mr. Conway and Mr. Reid.

Mr. Wildman: Could I suggest 10 minutes each?

Mr. Conway: I think we have about 15 minutes, don't we?

Mr. Chairman: We were in the position where we had three hours allocated for these estimates. We didn't get started until 3:25 p.m., I believe, and I understand from the clerk that we are going to have a bell at 5:45 p.m.

Mr. Wildman: Five minutes for each party then.

Mr. Chairman: Does the committee want to come back this evening to use up the remaining time?

Mr. Walker: I am sure they would be delighted to do that.

Mr. Conway: As the minister winces.

Mr. Chairman: Or does the committee want to conclude at 5:45 p.m.?

Mr. Wildman: You mean come back at 8 o'clock for 15 minutes?

Mr. Chairman: It would be more than 15 minutes; it would be 35 plus 15.

Hon. Mr. Brunelle: What about tomorrow morning, Mr. Chairman? Is that out of the question? I mention this because I have a meeting at 8 o'clock. I am in your hands of course. If it were possible to have flexibility, if it were decided to meet tomorrow, it could be tomorrow morning after the question period.

Mr. Conway: Probably we can wrap it up before 6.

Mr. Chairman: The committee may reconvene after the bell, although I don't recommend that. I am in the hands of the committee.

Mr. Conway: At 5:45.

Mr. Chairman: All right, at 5:45 we will try and complete. Mr. McClellan.

On vote 1701, resources development policy programs:

Mr. McClellan: Thank you, Mr. Chairman. I'll eliminate most of the vitriolic rhetoric that I wanted to share with the committee.

Mr. Reid: We'll take that for granted.

Mr. McClellan: Right, just take that for granted.

To support the suggestion that the Indian community secretariat belongs in your ministry, I raised this with the Minister of

Culture and Recreation (Mr. Welch) earlier in the week and my colleague had come to the same conclusion quite independently. There are so many problems with the ICS where it is now but I don't want to go over its track record. That is the vitriolic vituperation that I am eliminating. You know what the problems are and I think—

Hon. Mr. Brunelle: You are aware they have a new director?

Mr. McClellan: I am aware of that. I don't think that solves the problem. You are responsible for co-ordination; you need the staff and the structure to do that job and I recommend that to you.

I understand the cabinet has approved a minute on native affairs policy within the last couple of weeks.

Can you tell us whether you intend to table this? Or will you share the arrangement for its tabling with this committee so we can have an idea in what direction the government is moving?

Hon. Mr. Brunelle: I think Justice Patrick Hartt would like some information about the policy of our government.

Mr. Reid: So would the members of the House.

Hon. Mr. Brunelle: And the members. So we will make available that policy statement. It will be presented to the Hartt commission in Timmins.

Mr. McClellan: When?

Hon. Mr. Brunelle: On Wednesday, December 21.

Mr. McClellan: Why not share it with the House?

Hon. Mr. Brunelle: It is not completed yet; it is still in process. We discussed it this morning and it will be discussed again within the next few days with the various ministries. So it is still not completed. However, we will be pleased to make it available as soon as possible.

Mr. McClellan: As soon as the House rises. That's what you are talking about.

Mr. Reid: Can we have it by the end of next Friday, a week Friday?

Hon. Mr. Brunelle: By the end of next week? I am not sure whether it would be advisable to send it to you before its presentation to the Hartt commission.

Mr. Reid: Shouldn't we as members be privy to this before Justice Hartt? Shouldn't government policy at least be indicated in the House to the members? I know we are rather insignificant but—

Hon. Mr. Brunelle: It is nothing new, gentlemen. It is more or less to put the policy

of the government in concise terms. It will be nothing startling.

Mr. Reid: I can well rest assured of that.

Mr. McClellan: We can safely ignore it. I really wish the government would do the House the courtesy of tabling with the House a major policy statement, which I gather this is, rather than going off to the north to use it as a PR vehicle.

Hon. Mr. Brunelle: I can certainly take that into consideration. As I said, it is not finalized yet.

Mr. Conway: Aren't we bringing down the government before then?

Mr. McClellan: Out of time constraints, I will yield the floor to my colleague.

Mr. Conway: My two points were covered in earlier comments so I happily defer to my senior, but sometimes junior, colleague from Rainy River.

Mr. Reid: I was afraid it was going to get to me, Mr. Chairman.

Could the minister bring us up to date on the proposed Bending Lake project by Steep Rock Iron Mines? Specifically have any studies gone forward within your ministry in regard to whether you consider the slurry pipeline feasible and whether or not the government is prepared to commit any funds to this project in the event that it goes ahead?

Hon. Mr. Brunelle: We are very much in support of this. This matter has been discussed as recently as yesterday morning with Mr. Lessard. We are quite optimistic that there will be a federal-provincial agreement for cost-sharing on the slurry pipeline. We think this is a very sound idea and it will be the first of its type in Ontario. It could have some very important applications in other areas.

There will be meetings some time this month with some of the mining companies themselves about a road from Atikokan to the Bending Lake area. At this stage, I'd say we are very optimistic that the project will proceed.

Mr. Reid: You are saying that DREE will be assisting in the funding?

Hon. Mr. Brunelle: That's right, because this is a very expensive project, in the millions of dollars—the slurry pipeline, the road construction—we do believe this is one of the areas where DREE should provide assistance.

Mr. Reid: So you are quite optimistic that government assistance will be provided if Steep Rock decides to go ahead?

Hon. Mr. Brunelle: We will be providing our own provincial assistance.

Mr. Reid: I just have one other question. I am somewhat confused about the difference in responsibilities between the Ministry of Northern Affairs and Resources Development. I have had this discussion on policy co-ordination or policy development on numerous occasions. Where do we draw the line between what the CCRD does and Northern Affairs? How do you differentiate the jurisdiction?

Hon. Mr. Brunelle: Policy development and policy co-ordination go hand in hand. The Ministry of Northern Affairs is a very important part of our policy field, and this was mentioned earlier by Mr. Wildman. I don't think there is any conflict.

Mr. Reid: For instance, who has the overall responsibility of resource communities?

Hon. Mr. Brunelle: For resource communities?

Mr. Reid: Who decides that we are going to have a community in such and such a place, or, in fact, not at Bending Lake? Is that Northern Affairs' decision, is that your decision, is that the Treasurer's decision?

Hon. Mr. Brunelle: I would say this would be a matter that would be brought to our policy field, in which most of the time Treasury and Economics is represented. They play an important role, of course, in the planning of communities. Our secretariat would work closely with them. Take Bending Lake, for instance. This is an area where years ago they would probably have built a community right there. Today, unless it is more than the 50 or 60 miles away, the ministry—mainly Treasury and Economics, which is responsible for municipalities—feels that existing communities should be utilized where the services are already in.

So our policy field would be the one who would play the important role in that.

Mr. Reid: Was your ministry the one responsible, for example, for the operation at Pickle Lake, the Umex Mine?

Hon. Mr. Brunelle: Yes. Dr. Martin Walmsley played a very important part. He was the lead person who worked closely with the Natural Resources. I guess there were housing—

Mr. Reid: Well, there are a number of them mentioned in there.

Hon. Mr. Brunelle: That was before the Ministry of Northern Affairs came into being.

Mr. Reid: That's why there is a problem. Would Northern Affairs deal with it?

Mr. Wildman: Would Northern Affairs do that sort of thing?

Hon. Mr. Brunelle: They would certainly play a part, but I still think our role would

continue to be the leading role in that type of a project. I mean it is listed in the book here. There are many projects. This is one and there are others at Pickle Crow.

Mr. Reid: As a result of that experience with Pickle Crow—and I have had this discussion with some of your people over the years—what did you learn from that? Is there now a set of guidelines whereby you can go to a resource developer and say, "All right, these areas are your responsibility. These are the guidelines within which you have to work, this is the framework of the whole thing"?

Do you now have that, or are we still operating on the old ad hoc basis of "There is a mine there," or, "We are going to put a mill there and all of a sudden everybody is rushing around, running into each other, and we have the usual problems of resource communities where nobody really understands what he is responsible for and who is paying for what, both the hard and soft services?"

Hon. Mr. Brunelle: This is one of the principal roles of our secretariat.

Mr. Reid: But you are not telling me anything specific. I am after—

Hon. Mr. Brunelle: I am not sure whether I am answering your questions.

Mr. Reid: No, you are not.

Hon. Mr. Brunelle: In today's climate there are not too many mines being opened. That was mentioned earlier. There have been no new mines developing—

Mr. Reid: That's right.

Hon. Mr. Brunelle: —and in today's economic climate I don't anticipate there will be too many.

Mr. Reid: But, you see there does not seem to be, within the government of any ministry, any hard and fast guidelines as to whose responsibility resource communities are—the setting up of them, the continuation of them and, unfortunately, the shutting down of them, or the providing of an alternative economic base. Is that your responsibility, or are we going to ad hoc our way through Falconbridge and Red Lake, and perhaps Atikokan and Ignace?

Is there something specific you can give us as to what we are going to do with these communities, when they begin, during their lifetimes and when the resources dry up for one reason or another?

Mr. McClellan: Those planning functions were in TEIGA, I understood, and then were transferred into Northern Affairs. This ministry does not come into the picture.

Hon. Mr. Brunelle: No. They are still in TEIGA. TEIGA still has one of the main roles when it comes to economic planning.

Mr. Wildman: Most of the people who work for Northern Affairs are in TEIGA.

Hon. Mr. Brunelle: But, I believe that Northern Affairs is getting—

Mr. McClellan: It leaves you out in the cold.

Hon. Mr. Brunelle: You know it's a new ministry; it was established no longer than six months ago, I believe it was.

Mr. Conway: For the seventh time.

[5:45]

Mr. McClellan: Seven elections.

Hon. Mr. Brunelle: Your party had been recommending a ministry—

Mr. McClellan: No, no, I'm just saying for the important functions it's been reconstituted, as opposed to getting a new ministry.

Hon. Mr. Brunelle: Yes, actually.

Mr. Reid: I'm really not getting anywhere. I'm back where I was three or four years ago. What you're telling me in effect is that all these matters really rest with TEIGA, so that if you want to find out what's going to happen or not happen, you have to go see the Treasurer and his staff.

It seems to me that Resources Development should have a leading role in these kinds of matters. You mentioned Dr. Walmsley, for whom I have a great regard, who was working on the Pickle Lake business, but the problem is that these responsibilities seem to be so amorphous and vague that when a problem does arise, there's no one you can point to and say, "You are responsible."

Hon. Mr. Brunelle: The average ore body lasts about 30 years. If that mining community is located where there's no other industry and that ore body closes due to depletion of the resources, we do our best to try and find other industries to locate there. You come from northern Ontario, Mr. Reid, and you know it's not easy to attract industry to northern Ontario, aside from those that deal with the resources, namely mining and the forest industries.

Mr. Reid: That's what I'm getting at. It seems to me patently unfair that people would move to a community such as Ignace, where the government did very little. Once Mattabi Mines moved in there, it used Ignace as a dormitory town. There was no sort of shopping list where the government said "All right, we're going to provide education, hospitals, health services, and so on. The mining company will have to, within certain limits,

provide recreation facilities, sewers and water," or whatever their responsibilities were.

It seems to me there should be some guidelines for that as well. I don't want to overdo it because I don't want to scare off anybody who is investing, but at the same time, when these things are going to wind down, I think it only fair that there be some provision for those people who made an investment in the community, in their homes and cottages or whatever it is, and that they should not be stuck holding the bag when the company uses up the resource. These people are sitting there with this investment in the community and that's the end of it. It's sort of: "Well, it's all gone, boys."

I don't think in this day and age that's a proper approach and it seems to me that government should at least have some kind of idea of how we are going to wind these things down and ensure that people are not left high and dry à la Elliot Lake, perhaps Atikokan, perhaps Red Lake and so on. Don't get me wrong, there is just no way in northern Ontario secondary industries are going to start springing up in all these communities.

Hon. Mr. Brunelle: Take, as an example, Atikokan and Bending Lake. Are we not doing this? The mine is closed in Atikokan, or about to close, and then—

Mr. Reid: Please, it's not closed yet.

Hon. Mr. Brunelle: No, but it will be closing and therefore we are providing the planning, the resources and so forth for Bending Lake, so that Atikokan will continue to be a viable community.

Mr. Reid: I think I must give you credit for it. I think you are doing a heck of a good job, but my point is that all of this is done on an ad hoc basis so that every time these things come up, if you don't have the lead time—which we do have, fortunately, in Atikokan; we're fortunate there is an alternative ore body within a reasonable distance—but what about those communities where those factors do not prevail? What happens then?

What happens to Ignace when, 10 years now they're talking about, the ore body is going to be used up in Ignace? How do we wind that down so that people do not get hurt?

Hon. Mr. Brunelle: That's a good point. Maybe there should be closer co-ordination to find out from mining communities—I think this was said when we mentioned Inco—I think there should be more warning as to layoffs or closure and the government could then have a longer time to plan and to have

a policy, but I really don't know what the answer is.

Mr. Reid: I'll let it go now.

Mr. Chairman: Mr. Wildman, do you have a capsule comment?

Mr. Wildman: No, I just have one short question. You made a comment regarding the electric power planning commission's making an interim report in June?

Hon. Mr. Brunelle: Yes, there will be an interim report in June.

Mr. Wildman: Will that include their comments or recommendations regarding the 10—I think it is—specific projects they have been given specific responsibility for commenting on, one of which might be the North Channel plant that has been discussed for many years? Will they be in the interim report?

Hon. Mr. Brunelle: I don't believe so. Mr. Ron Smith would you care to comment? He

is the executive director of the royal commission.

Mr. R. Smith: In making the announcement of an interim report on nuclear power, the chairman did make it quite clear, I think, that report will not refer to the specific projects that were outlined in the terms of reference.

Mr. Wildman: Including the proposed Dean Lake?

Mr. R. Smith: Our terms of reference don't specify Dean Lake, it talks about a generating site on the North Channel.

Mr. Wildman: But everybody else does it by steam.

Vote 1701 agreed to.

Mr. Chairman: This completes the Resources Development policy program.

The committee adjourned at 5:52 p.m.

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Provincial Secretariat for Resources Development officials taking part:

Dillon, R. M., Deputy Provincial Secretary
 McMullin, I., Chairman, Niagara Escarpment Commission
 Smith, R., Executive Director, Royal Commission on Electric Power Planning
 Walmsley, M. F., Executive Officer



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General Government Committee

Estimates, Ministry of Transportation and Communications



First Session, 31st Parliament

Monday, December 12, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

MONDAY, DECEMBER 12, 1977

The committee met at 8:04 p.m.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS

(continued)

On vote 2502, planning, research and development program (including supplementary estimates):

Mr. Chairman: As the committee is aware, tonight we are studying the Urban Transportation Development Corporation. I understand the ministry has for us a four-minute film and some slides. It is up to the committee but I understand they do give a good background as to the latest developments with respect to the UTDC program. Perhaps the committee would consent to see the film.

Mr. Cunningham: I would have no objections to that.

Mr. Chairman: I believe Mr. Foley will narrate the film.

Mr. Cunningham: Is the Premier in this film—the Israel part of it?

Hon. Mr. Snow: There's nothing in here about Israel. I didn't go to Israel.

Mr. Chairman: Could we have the film, Mr. Foley? Would you be good enough to narrate it?

Mr. Foley: What you are going to see are very brief sketches of work in its current stage. The films were taken within the last three weeks. There are three segments to the film. There is the intermediate capacity transit system related to the steerable truck which is under test now on CNR mainline track. You will see something of the test vehicle—it's a big box car. You will also see some of the work that's going on at the test track in Kingston. One of the shots will give you some idea of the scale and size of the guideway; there is a shot of the elevated guideway that has been poured and constructed. This will give you a view of the width and the size of it. Each of these segments is about two minutes or less. The third segment relates to the Canadian light rail vehicle—the new Toronto streetcar—which has just completed 17 weeks of prototype testing. You will see some shots of that.

I'll try to give you an idea of what you're seeing as we go through it.

First, we have noise testing on the side of a CNR line. Basically, the steerable truck is an innovation that attempts to remove all the wheel noise and the rail noise. At the start of this segment they rig up the microphones for testing; there is a comprehensive set of noise tests going on now. All of this is on mainline or regular track; the track hasn't been especially equipped at all. This vehicle simulates the weight, size and dynamics of a test vehicle.

Here, you are looking at pictures taken of the wheel itself; the locomotive was set to run at a certain speed. Here is a shot of the wheel on the standard railway coach; you will see it wobbling considerably, banging against the rail—and this creates the noise. This picture shows the wheel on the steerable truck which is going through switches; basically, we're finding that there is almost no flange wear at all, which is what creates the noise and the wheel wear on the vehicle.

Here is an aerial view of the track that is being constructed. It's a 2,500-metre track. At the far side you'll see an elevated section of 410 metres in length. This is the Butler building that was just constructed; we have moved almost 70 of our staff down there.

You are now seeing an aerial view of the test track over the elevated section and going around the superelevated curve. The track will handle speeds of 50 miles an hour continuously; there is no reason to go below that. Here is a shot of the elevated track as it is being poured; and here is a shot from underneath of the completed two-direction guideway and the single column that supports it.

This shot shows maintenance and operational building, which will house the computers and the maintenance facilities for the automated control system.

This is a single-direction at-grade guideway; the tracks would be fastened right on that.

Here again you see another shot of the maintenance building. It's covered now, but it will be pretty tough to get any more construction done until the snow is gone.

The next shots are of the streetcar program and its running tests. A couple of shots are

in the environmental test chamber where we took it down to 40 degrees below zero, celsius. The vehicle is doing about 50 miles an hour along this stretch, which is parallel to a highway. Here is the test chamber where the vehicle was subjected to snow and rain and sleet in temperatures as low as 40 degrees below.

You can see the rigging on the side which is used to fit out all kinds of electronic equipment on the inside of the vehicle during braking and various acceleration tests. Again, these shots show speed tests parallel to a street system. The noise tests and all the other tests were done on track that was not specially treated for any testing. That's the end of the film.

Mr. Chairman: I understand there are some slides available too which would last about 15 minutes. Is it the pleasure of the committee to see the slides? Or would you prefer to move forward?

Mr. Ziembra: To see the slides, Mr. Chairman.

Hon. Mr. Snow: They are not picture slides. They are word slides.

Mr. Foley: They are basically the representations of the documentation that has been handed out; there are 30 pages or so. I wonder if the committee wants us to take it through this presentation rather than just dump it on top of it. That was the purpose of the slides.

Mr. Cunningham: I know the text is so complicated, Mr. Chairman, and that they would be of benefit to us, I am sure. I am only concerned about the time aspect of it so that all the members will get an opportunity to do some questioning.

Mr. Chairman: Time is a problem, no question about that. We have to complete this vote tonight.

Mr. Cunningham: If the committee is willing to indulge us here, how long would this take, Mr. Foley?

Mr. Foley: If I just pick out the highlights, I probably could do it in 10 minutes—15 minutes at the most.

Mr. Cunningham: I wonder if we could add that time at the end of 10:30?

Mr. Chairman: We could always add a little time on Wednesday. I would rather do it on Wednesday than tonight.

Mr. Cunningham: I just hate to see everybody come back here if we still have questions; that's all.

Mr. Warner: We can do it with unanimous consent if it is necessary.

Mr. Chairman: We could do it with unanimous consent, as Mr. Warner points out.

Mr. Cunningham: We'll cross that bridge when we come to it. I'm all in favour of seeing the slides.

Mr. Chairman: Without wasting any more time, let's see the slides and get on with it.

Mr. Foley: It might be easier if I just refer to the page numbers on the documentation before you. Then you won't have to flip back and forth. The purpose of this document is not to confuse you. It is to relate back to three documents that were tabled in the Legislature last year; they are volumes 1, 2 and 3 of the intermediate capacity program containing the recommendation and the technical reports that were tabled in the Legislature.

The first few pages in front of you are excerpts of those particular reports to try to orient you.

On the first several pages—from page 2 to the end of page 4—you will see a set of development tasks which were outlined in those reports and had to be done if this program was to be successful. They range all the way from the steerable trucks, part of which you just saw, through to the propulsion system and braking systems themselves. I am not going to go through those as individual items, except to try to relate what progress has been made to date on each of those particular areas.

If you start on page 4 you will see that the program status is outlined at the top of that page. By and large, the first elements were on the integrated truck. The reason I say that is important is because the noise elements of this vehicle and of the system are largely related to the steel wheel and the steel rail. Our whole purpose has been to try to remove vibrations and remove noise.

One of our first tasks was to develop an integrated steerable truck and to determine whether that would work, at what level it would work and what degree of a liability we would get. As you will see in later charts, it was one of the first tasks we undertook and it is one of those that is most advanced.

If I could just go through this, I think it will give you some idea of the status of each of those somewhat critical elements, the first one being the trucks. You just saw a film where they were under development at Canadair. Basically all the truck testing has been successful. I think the minister related to you today that the stress loads on that truck are about 20 to 25 per cent below

what we had predicted. Our testing to date has all been successful. We hope to take that vehicle on to the track in the early spring, if we can get back to construction.

The propulsion system was related to the linear induction motor. There was a whole series of critical elements within the linear induction motor; I won't get into them all. If you want to ask some questions on those, perhaps I could outline them later. But the first element to recognize is that we have gone through that process and we are about 10 per cent under our predicted target for what we call our thrust performance, the level of thrust at which the motor operates. All the other elements in the propulsion system have basically proven out, or we don't have major problems left in them. In addition to that, though, we have undertaken some work on some alternative motor systems, such as rotary induction motors. I'll come back to them.

[8:15]

The braking work cannot go on any further in any major sense until we get on the track at Kingston; so we can't report a great deal on that level.

As far as the control logic goes on the brake system, we have completed all of what we call the longitudinal control systems. We don't see a problem there.

On the propulsion cooling system, we say it still remains a feasibility risk—that's related to fan reliability and the induction of air into motors—but we don't see a technological risk in that operation.

The next item would be the system noise level. The preliminary noise tests using our vehicle indicate we're going to meet the target, which is 65 decibels at 50 feet. We believe pretty strongly that we're going to meet that kind of a target. To give you an example, the streetcar that we've got it running at about 75 decibels; so it's about 10 decibels quieter than the new streetcar.

On the vehicle body, we're pretty happy with the work that's gone on in terms of getting the costs out of the vehicle in the manufacturing.

The automatic train control—we also have a test system that's operating in Berlin on that automated control system—of course, is a joint venture program between us and ITT. We're fairly confident that one is going to work well, and it's in operation now.

The automatic couplers, as we said, are on schedule.

On the guideway and station development, most of that work would go in a later phase, but you've seen the guideway and the

elevated double guideway section in that film. I wanted you to see that to get some idea of the perspective that's in there.

I'm going to skip the rest of the status report, because basically they go on later in the testing and indicate to you that the program concerns, in terms of where we see problems and where we see difficulties, are basically that we're about six months behind in our schedule now. Completion would be June 30, 1980.

Mrs. Campbell: January 30.

Mr. Foley: Pardon me—January 30, 1980. I should point out that the slippage in schedule has not been accompanied by a slippage in finances. We're underspent now on the program and our cost to complete is running at an estimated \$53 million, which is slightly below our forecast, but we have some inflation problems that may give us difficulties there.

Certainly we've had our start-up problems in the program, particularly in terms of the technical personnel who are available in Canada. Between ourselves and our subcontractors, we've pretty well exhausted a great many of the technical personnel who are available in Canada in these areas.

To give you the financial concerns, as I said, we're running slightly under budget in terms of the cost to complete. We believe there will be some attack on the contingencies, particularly because the inflation rate of our costs has been exceeding what we estimated. But at the present time we're running about \$2 million under forecast.

The technical forecast: What will we do at the end of this thing? What's likely to come out of it? The elevated cost structures and the environmental design, we believe will be met. This is on page seven. The low-noise system will be achieved. The car body construction techniques we now think can take a considerable amount out of the cost of the car. Automation, as I said, is functioning and will be functioning on the track in 1979. The steerable trucks, we believe, are virtually assured.

The LIM is, as I said, right now running about 10 per cent below its predicted values. The other technical risks within the propulsion system, such as the electro-magnetic interference, we think have largely been eliminated.

In our preliminary tests, we have been able to maintain an air gap on the LIM of 11 millimetres. That's sufficient to achieve everything we said we would; in fact, 11 millimetres was the target we looked at. But we do know there are going to have to be

modifications made in the LIMs that we're working on now to obtain our thrust performance; and that's going to be the next six-month program in the LIM area. As I said earlier, there are alternative rotary induction motors that may be operated on a parallel development program.

To sum it all up: We believe that despite the start-up delays and despite the 10 per cent lack of LIM thrust, the small-scale, low-noise, short station and high level of service features will be provided. These were the things that were identified by the 12 to 13 properties that we discussed before in terms of the whole ICTS operational requirement.

I'll come back to the expenditure rate on this but I'd like to flip, if I could, to the CLRV development program on page 9 and indicate that we completed the vehicle specifications with TTC's assistance—some of their staff and our staff—by April 1975. The preliminary design for that vehicle was completed in August 1975 and the contract signed at that time. The data package for the Canadian manufacturer, Hawker Siddeley, is complete now. The subsystems and car contracts that have been awarded to date total \$77 million and cover all of the car body and all of the subsystems.

The prototype program: We have completed two of the prototypes and have done all the testing on them. One of these now is on a ship and presumably it's going to be delivered some time later in December, but it will be in TTC's hands by January 1. The other one will be shipped a few days later.

Mr. Philip: I apologize for being late, but I wonder if it wouldn't be easier to deal with this material by having a stop after each set of material is presented so that we can question.

Mr. Cunningham: I get the impression that you don't have much longer to go on this, Mr. Foley, do you?

Mr. Foley: No, just a couple of minutes more.

Hon. Mr. Snow: We're just trying to give a 10- or 15-minute rundown to set the base for questioning.

Mr. Philip: Okay.

Mr. Chairman: This material is right out of the book, Mr. Philip. So if you want to go through it, then you can deal with it as you wish.

Hon. Mr. Snow: Did you get the brown envelope?

Mr. Philip: Yes.

Mrs. Campbell: When our government sends us brown envelopes—

Hon. Mr. Snow: We send out everything in plain brown envelopes.

Mr. Philip: There must be something wrong with this department because it's the first time I haven't received it before somebody has made a presentation. Anyway, go ahead.

Mr. Chairman: Go ahead, Mr. Foley.

Mr. Foley: Basically, all the other prototypes are between 35 per cent and 95 per cent complete. The reason they lag behind, of course, is to incorporate the updates of the various tests that have been done so that we can get re-testing on it.

We had a six-month fatigue test on both the car body and the truck; we went through eight million test cycles, which is equivalent to three lifetimes, and we haven't had any fatigue failures on the vehicle at all.

The 17-week prototype running tests are complete; that was environmental running of all components. The first vehicle will come out of the Canadian car builder in December 1978 and the last vehicle in May 1980.

Basically, out of our test program, those were the four areas that we had to do re-configurations in. Those reconfigurations have all been done and tested out and are in a form and shape now that meet the specifications.

The production program is about 21 weeks behind owing to the process of sorting out the Canadian manufacturer and, as I said, the six prototype vehicles will all be submitted to TTC before March.

The process between January and March is to train TTC's operators in maintenance and operation and to do certain energy and operation tests on TTC's tracks. So you won't see the vehicles in any kind of revenue service probably until March or April. This is the money that UTDC has received and paid out to date on that program.

There is other information in that document. I haven't covered it all, but I'm hoping that will at least set the stage on those two programs.

Mr. Chairman: Thank you, Mr. Foley. I should mention to the committee that supplementary estimates have been filed in the amount of \$9.2 million; since those supplementary estimates pertain entirely to this vote, I'm wondering if we can deal with the vote and the supplementaries all at the same time. Is that agreed?

Some hon. members: Agreed.

Mr. Cunningham: Thank you, Mr. Foley, for your presentation and for the film. It was very interesting. I want to thank you,

too, for your annual report; it is a very comprehensive report. There's a great picture on the inside; it's almost good enough to use on an election poster or maybe even a brochure.

We were pleased today, too, to get notice of your estimates for \$9.2 million, which seems a little inconsistent with your remark as it relates to being under budget. I'm not only concerned about some inconsistency there, which I know you will make consistent, but I am also concerned with the efficacy of tabling a report about six days before we discuss it and then coming to us with supplementary estimates of \$9.2 million on an issue as complicated as the Urban Transportation Development Corporation. While I'd like to keep the tenor of this discussion on as high a plane as possible, this really bothers me as a legislator.

I don't possess a great deal of accounting expertise, and even less technical or engineering expertise, yet I am charged with the responsibility of not only overseeing this on behalf of the public but also indirectly of voting for it. I have very little option in that regard—unless we'd like to have an election on the issue of the Urban Transportation Development Corporation.

This poses a very difficult situation for one. With the limited resources we have in the opposition parties, it would be very easy for us to sit back and accept what you have to say and let it go at that. But I have some very serious concerns about the viability of your project, the financing of it, and I might as well get into it right now.

I'd like some idea about this \$9.2 million. To me, it means one of three things: Either spending that was not done last year will be done this year, you are spending next year's money now, or your budget was not big enough and you are now proposing to spend new money. In reply to my questions on the order paper in April, you tabled some detailed breakdowns of the \$55.5 million and the \$14 million, which is part of that \$55.5 million and which involves your test track costs.

I would like you to relate each and every item comprising each of those budgets and reconcile them to the most recent budget expenditures. In other words, I'd like some justification with regard to where you were underspent, if you were underspent, or where you overspent, if you overspent, on each aspect of your total program on the test track itself.

Mr. Foley: I don't know which document you are looking at.

Mr. Cunningham: I'm looking at my notes.

Mr. Foley: Well, I don't know what breakdown you are talking about.

Mr. Cunningham: We asked some questions, which were responded to on July 8.

Mr. Foley: The numbers we were talking about relate to the physical expenditures at Kingston; they don't relate to development contractor's costs.

Mr. Cunningham: That's what I thought. You're saying the \$9.2 million relates entirely to the capital cost of the track.

Hon. Mr. Snow: Oh, no. It's the total program.

Mr. Foley: I can't tell you what date these documents were tabled, but on page 30 of these documents there is a budget outline. I think it's page 30.

Mr. Cunningham: Is this volume 3?

Mr. Foley: No, I'm sorry. It's volume 1, page 36.

[8:30]

There was an estimate put forward at that time that the total program, including the development contractor's and UTDC's own costs, would be \$15.6 million for the fiscal year 1976-77, and \$18.3 million for 1977-78. I think those are the relevant numbers. Several months after this, during the contract negotiation phase, those numbers were taken up to \$17 million for 1976-77 and \$18 million for 1977-78. So the total expenditure to date, or at least to March 31, 1978, the end of the current fiscal year, would have been \$35 million. Okay?

Mr. Cunningham: Yes.

Mr. Foley: The amounts expended to date are around \$27 million as forecast to the end of the fiscal year, which is March 31, 1978.

Hon. Mr. Snow: The figure shown on one of the slides was the expenditures to the end of October, I believe.

Mr. Foley: Yes.

Hon. Mr. Snow: It is in this package of papers here. The expenditures to date up to October 30 were \$17 million-plus.

Mr. Foley: But the \$9.2 million cannot be related to that \$14 million at all.

Mr. Cunningham: Why not?

Mr. Gilbert: Mr. Cunningham, did you receive a copy of this breakdown?

Mr. Cunningham: Yes, I just got it about 10 minutes ago.

Mr. Gilbert: If we took you through this, I think it would answer the question you are raising now.

Hon. Mr. Snow: The initial financing that

was planned—the initial estimated cash flow on page 2, paragraph eight, of that paper—estimated an expenditure of \$17 million in 1976-77 and \$18 million in the current year, 1977-78.

The program did not get approved and the agreement did not get signed and under way as quickly as that cash flow had anticipated. As Mr. Foley says, last fiscal year and this fiscal year would have shown an expenditure of \$35 million over the two-year period. There was no money in the estimates of my ministry last year for the ICTS program. So the \$18 million in the original printed estimates for ICTS for this year and the \$9.2 million supplementary make up \$27.2 million, which will be the actual expenditures for the ICTS over the two fiscal years.

Mr. Cunningham: We're dealing with millions of taxpayers' dollars, with not so much as one dollar from the private sector, unless I'm mistaken.

On July 8, 1977, an answer was given to an inquiry of the ministry. I asked: "Will the Minister of Transportation and Communications undertake to obtain from the Urban Transportation Development Corporation an itemized breakdown of the budget for the three-year ICTS and LRV testing program and the means by which this venture is funded, and table such information in the House?"

This was first asked on March 31 which, incidentally, I guess is the end of your fiscal year.

Mr. Foley: No. The corporation operates on a calendar year basis.

Mr. Cunningham: I had an interim answer on April 14 and then I received this answer from you—do you have it in front of you? It's on page 616 of Hansard.

Hon. Mr. Snow: I don't.

Mr. Foley: I think I have a copy of it. I don't have that number but it starts off with the question you ask—

Mr. Cunningham: It is on the following page, 617, if you have that. I would hope you would, because it's germane to this discussion.

Mr. Foley: I have the answer and the question, so maybe you could go ahead and I'll try to go along with you.

Mr. Cunningham: In the event that you don't I happen to have one for you here. We could just send them over to you.

I'm having some difficulty here. I don't know if we need to go through this whole budget, but you've outlined the breakdown

of the \$55.5-million phase three ICTS program as follows: The Canadair contract, \$37,746,200; UTDC budget, \$6,850,700; contingency, \$4,503,100—which I would hope would negate any discussion hereafter with regard to inflation, because I gather that's what that budget is expressly for—

Mr. Foley: No. That's on the next line.

Mr. Cunningham: —and the inflation allowance of \$6.4 million, for a total of \$55.5 million. Where in that is this \$9 million?

Mr. Foley: The \$9 million, as I understand it, is a matter of how the cash flows. It is not a particular part; it can't be segmented out. In other words, there's \$9.2 million, which is close to what was spent during the fiscal year 1976-77, and we estimated we would spend about \$18 million in the current government fiscal year. When you put those two together, they come to \$27.2 million, all of which is in the \$55 million.

Mr. Cunningham: Let's do it pursuant to page 36 of volume 1. Let's do it year by year. In 1976-77 you talk about \$3.7 million for UTDC and \$11.9 million for development contracts, for a total of \$15.6 million. About two minutes ago you were talking \$17 million, I believe.

In 1977-78, UTDC amounted to \$4.3 million and for development contracts there was \$14 million. Again, I think you made mention of \$18 million.

Mr. Foley: Yes. It's just a variation between the two years.

Mr. Cunningham: Well, it certainly is money. We don't want to get into a discussion about what's a million. It's a lot of money, Mr. Foley, as you'll see from some of the questions I hope to ask later on. Where is this \$9 million on a year-to-year basis? Where is that?

Hon. Mr. Snow: If I may try to explain: There was money spent last year in 1976-77 by UTDC on this program but no money was advanced from the ministry to UTDC during 1976-77. They carried the program in the last fiscal year out of their own funds—funds they had on hand. There was no money in the estimates of 1976-77 for this program because the decision was not made to go ahead with the program until June 21, 1976, and our estimates were tabled several months earlier.

As you will recall, on June 21, when I made the statement in the House that we were proceeding with the ICTS program, I stated that supplementary estimates would be introduced

for the 1976-77 year. Those supplementary estimates were not introduced because there was no money flow to UTDC during that fiscal year.

In the meantime, the estimates prepared for the 1977-78 fiscal year did not account for that carryover but included the \$18 million that was estimated to be spent on the project during the current fiscal year.

The total cost of the program for the 1976-77 and the 1977-78 fiscal years amounts to \$27.2 million, rather than the \$35 million originally estimated, because the project did not advance as fast as it should have. The \$9.2 million is here in supplementary estimates, to add it to the \$18 million which covers the total expenditures on the program from the beginning of phase three until the end of the current fiscal year, March 30, 1978.

Neither the \$9.2 million nor the \$18 million relates to any individual expenditure or to any individual part of the project. The \$27.2 million covers the anticipated expenditures until the end of March, which Mr. Foley has shown in his papers. Up until October 30 of this year the actual cost was \$17 million-plus. That leaves about \$19 million to be spent on the project from the end of October until the end of March next.

Mr. Cunningham: Which will be spent on?

Mr. Foley: On various elements. For instance, going back to what you read to me from page 617 of Hansard, the item of \$37.7 million is under a contract with Canadair, which in turn has awarded subcontracts for the propulsion system, the command and control system and so on. The rate of expenditure on the program right now is running, I guess, at about \$2 million a month; and it covers all of those various areas. It covers propulsion system, guideways, test track operations and development. It covers them all.

Mr. Cunningham: When we start reconciling this with this year's annual report and the one of the previous year, we have some difficulties. I am sure you will understand the difficulties we have insofar as last year's report is concerned. You were admonished for—how did they refer to it?—accounting practices that were not generally acceptable insofar as you were deferring—

Hon. Mr. Snow: Deferring development costs.

Mr. Cunningham: —general administrative costs and selling costs.

Hon. Mr. Snow: Related to that development, yes.

Mr. Cunningham: That is certainly not a

practice you would see in the private sector, is it?

Hon. Mr. Snow: No, it isn't, because in the private sector they would be writing off development costs each year against earned income.

Mr. Cunningham: But you sure wouldn't be deferring payments for employees or general administrative costs, selling and planning, research and development. What you are deferring in these costs—your ratio of deferral to gain—even at best, is probably \$8 for every \$6.50 that you spent.

Mr. Foley: I am afraid I don't understand that ratio.

Mr. Cunningham: Probably because I don't understand your statement of loss or the reconciliation between this year's and last year's accounts and probably also because Coopers and Lybrand changed your method of accounting. I see no further deferral there with the exception of the notations, which certainly don't help many of us who aren't accountants.

I shouldn't go over this again, but I think it is of utmost importance to the taxpayers of Ontario. Maybe you would comment on this, because I want to quote a statement here as it relates to two areas of last year's financial statement: "The deferral of certain development costs related to the small bus and the ICTS programs. The realization of these amounts is contingent upon the successful completion of development and marketing of the products involved. As well, the continuation of the intermediate capacity transit system program is contingent upon obtaining significant additional financing."

The other statement is: "The deferral of certain selling and administrative expenses by reason of the entire operation being classified as a research and development operation: In the opinion of the accountants this practice is not in accordance with generally accepted accounting principles. As a result of these objections the auditor's report contained a 'subject to' clause."

With regard to the auditor's first objection, why isn't the same "subject to the recoverability" clause included in this year's statement?

Mr. Foley: Could you tell me what page you are reading from?

Mr. Cunningham: I am reading from my own notes. I'll be damned if I am going to give you those. I didn't get yours today.

Mr. Foley: I am having difficulty relating what you have just said to any particular element.

Mrs. Campbell: It is his problem too.

Mr. Cunningham: I know the members want to get into this, and I know we will spend the next day on this if we have to. You talked before in your annual report about "subject to" clauses. I'll quote here. "As explained in note 1(e) to the financial statement"—

Mr. Foley: Excuse me. Is this 1975 or 1976?

Mr. Cunningham: Page 13 of last year's statement:

"As explained in note 1(e) to the financial statement, the corporation is deferring certain development costs relating to the small bus intermediate capacity transit system programs. Realization of these amounts is contingent on the successful completion of development and marketing of the products involved. As well, the continuation of the intermediate capacity transit system program is contingent upon obtaining significant additional financing. We are unable to form an opinion as to the likelihood of these events."

I must say I am in the same boat with Coopers and Lybrand in that regard.

[8:45]

"As explained in note 1(e) certain selling and general administrative expenses are being deferred. In our opinion this practice is not in accordance with generally accepted accounting principles. Had these costs not been deferred, the deferred development costs as at December 31, 1975, would have amounted to \$3,925,098, the loss for the current year would have been increased by \$773,109 and the deficit increased by \$972,757."

Then you get into this: "Subject to the ultimate recoverability of deferred development costs and future financing of the intermediate capacity transit system, in our opinion, except for the deferral of selling and general administrative expenses as set out in the preceding paragraph, these combined statements present fairly—" and they conclude.

Why is it, in your report this year, you don't get into the discussion about the "subject to recoverability" clause? In what respect were the auditors assured now that you are going to recover these debts?

Mr. Foley: I'll try to explain to you what the situation is with respect to deferred costs—the anomaly in the accounting practice between what we call conservative elements of matching expenditures and revenues so that the same time period on which the expenditures are incurred are matched with revenues. I'll also try to explain that in con-

flict with the ability to trade cash costs as expenditures.

The first element was that the auditors are prepared, if we pay to Canadair a similar expense—and let's say it is an engineer's time on doing some operation requirement work which is, basically, what does this system have to be to meet a market test? If we pay that to Canadair, then the auditors say that is an expense which we can defer. If we pay one of UTDC's engineers to do exactly the same thing, they say that is a general and administrative cost, and we should write it off in the year in which it is incurred.

We then had a problem, saying: "But we will not be able to match receipts and expenditures if we do that." They said they, as auditors, come down on the side of conservative accounting—that which would tend to make your losses look as large as possible or the receipts as small as possible. At the end of last year we said, "If that is the case and you are going to treat all research and development expenditures as expenses, and they should be written off in the year in which they occur, we are going to do it right across the corporation." Thus, in effect, the ICTS program, instead of being a research expenditure, would be treated as any expenditure; there will be no revenue associated with it, so it will always become a loss.

If I could refer you to page 4 of this year's annual report, I set out in about two pages the total explanation of why that was done, what the auditors' treatment of it was, and the fact that they are going to be doing this in 1978 for all corporations. It will be a generally accepted practice that all research and development expenditures will be written off and cannot be deferred.

Our board met on this issue and decided we would accept that for 1976 and, in effect, go along with what is going to be accepted practice in 1978. On pages 4 and 5 you will see that the whole discussion on why there are no deferrals and why there are no further "subject to" clauses is set out in detail, particularly in the last two paragraphs on the first column of page 5 and the balance of the second column on page 5.

Mr. Cunningham: Once you reconcile the 1976 budget with the 1975 budget as restated, it presents a considerably different picture of your operations in the previous year. We did not have the benefit of the annual report last year, so it made it a little more difficult for those of us—

Mr. Foley: I question that. I was before the committee last year and the annual report

was here at the time, because we discussed it.

Mr. Cunningham: I'm talking about the previous year's report.

Mr. Foley: For 1975?

Mr. Cunningham: Yes. We didn't have it.

Mr. Foley: My recollection is that we discussed this situation last year at the estimates.

Mr. Cunningham: I don't want to bore you with these statistics but we are talking millions of dollars. For the record—because I want to get this on the record—I would like you to supply me with this information as soon as possible. I want to go through the figures that we have as they are reconciled, and I would like some indication from you as to whether or not you think they are accurate or inaccurate. Income and research—1976, \$1,082,108; 1975 as restated is the same.

Mr. Foley: I am sorry. What was the first figure?

Mr. Cunningham: Income and research, \$1,082,108.

Mr. Foley: I don't recognize that figure.

Hon. Mr. Snow: It is on page 20 of this year's statement.

Mr. Cunningham: Rather than get into this, Mr. Foley, I will photostat this and send it to you. For my edification I would like to see if our figures as restated reflect the actual situation if you don't mind.

Mr. Foley: Okay.

Mr. Cunningham: Finally, on the issue of this particular topic, can you estimate the final profit-and-loss position of the ICTS program in view of this \$9-million expenditure to date and the total?

Mr. Foley: I'm not sure in what sense you use the words "estimate the profit and loss." I can estimate, as I did a few minutes ago, our costs to complete what is called phase three, which is set out in those three volumes. I think it's roughly \$53.8 million or \$53.9 million at the present time. I can't give you the exact figure now, but it's in that order. That's all an expenditure. Phase three is a development program and a development process in a technology program.

The revenue, for the purposes of our financial statements, balances the expenditure that we pay out to others or to our own engineers with the income that is received from the Ontario government. In other words, there is no fee. There is no profit or anything in this for UTDC. Nothing will ever show up as a profit item on UTDC's balance sheet with respect to the ICTS program. It's a

zero-cost program to us in the sense that UTDC recovers its cost but does not make any profit.

Mr. Cunningham: Would you have done a pro forma or anything of that sort in anticipation?

Mr. Foley: In the document volume one we laid out the expenditures for phase three of the program. In a number of answers to questions you have raised during the year and in a briefing to both caucuses—I think it was between June and December of 1976—we gave you the complete budget breakdown of the ICTS program. If that's what you mean by a pro forma, then that was done. That is being adjusted and looked at as we get experience with the steerable truck and the linear induction motor and so on. I suppose there are some elements for which it might be worthwhile providing you with an adjusted budget at this time so you could see the change between, say, the steerable truck costs and the linear induction motor costs and that kind of thing.

Mr. Cunningham: Included in that, will you give us your cash flow figures to the end of the year?

Mr. Foley: Our cash flow? Yes, I can, but it's simple: When a dollar's out, a dollar's in. We are paid roughly 30 days behind expenditures. We incur the costs; then we get an invoice from our contractors and from their subcontractors and so on. We pay them 30 days later and we bill the ministry for that same expenditure. So I suppose there's about a 60-day cycle on expenditures.

Mr. Cunningham: I would like to get into the exact figures some time, maybe in January or February. Some cold night I just might take a look at them.

Mr. Foley: Okay.

Mr. Cunningham: Are you prepared now to give us an accurate accounting of salary information? You will recall the order paper question that I asked with regard to that. The responses I got were averages only. I didn't ask for the average executive salary. I asked for the breakdown in salaries. It's the custom here in the Legislature, I think, that we table, albeit through public accounts, the exact salaries of everybody here, even of the minister. We know almost exactly what he makes.

Hon. Mr. Snow: I think you know exactly—not almost.

Mr. Cunningham: Some of us know exactly what he's worth.

Mr. Warner: Those are two different things.

Mr. Philip: I wonder if I can ask a

supplementary on this. I don't want to be facetious, but have you given out any more three per cent mortgages to anyone on your staff?

Mr. Foley: The answer to that is no.

Mr. Cunningham: While we are on that topic—I intended to pursue that a little later—what was the rationale behind that three per cent mortgage?

Mr. Foley: It was basically that at the time of implementation of the program we required an individual, who resided just outside of Boston, with a great deal of technical skill. We engaged some consultants to determine the compensation package for him as to taxes and so on. It was after consultation with a number of other companies that an appropriate compensation package was determined, one that he might receive as otherwise. Included in that was the cost of offsetting housing in the Toronto market as compared with the Boston market at that time—differences in cost structure for the house itself, differences in mortgage interest rates between the US and Canada and differences in the fact that taxation policy in the US would have allowed him to deduct his mortgage costs as a deduction against income and would not in Canada.

Rather than pay him salary to compensate for that, which would be a large dollar, there was a benefit that was, and has been, commonplace among a number of firms in Canada to provide low-interest loans for purposes of acquiring houses when you transfer and move employees.

Mr. Cunningham: And what did we compensate that person in a year? What did he make? I assume it was a he.

Mr. Foley: Yes.

Mrs. Campbell: You can bet on that one.

Mr. Cunningham: Because it is not the habit of this ministry to pay women a lot of money.

Mrs. Campbell: Yes.

Mr. Cunningham: In fact, I don't think they have one over \$25,000, do they?

Hon. Mr. Snow: Oh, yes.

Mr. Foley: I would think so. I don't know the exact figures right now but I will be prepared to get them for you.

Mr. Philip: May I ask a supplementary on this?

Mr. Chairman: Certainly.

Mr. Philip: Do you not see this as a way in which corporations reward some of their executives with a tax dodge? Do you feel

that it is appropriate for a government agency to be involved in this kind of thing?

Mr. Foley: I don't know whether it is a tax dodge or not. The situation would have been that we would have had to pay this man or an equivalent individual if we were taking him from the United States. We made an exhaustive search in Canada to try to find the individual with experience we needed at that time, and we would have had to pay him something in the order of another \$17,000 in salary or something like that. That's just a guess—I will get that exact figure. But this was done by a compensation consultant to determine the amounts of after-tax income and before-tax income.

Mr. Cunningham: But as the chief executive officer of this organization, you must recall roughly what you paid this person per year?

Mr. Foley: I guess it was around \$45,000 but I can't say for sure.

Mr. Cunningham: And you are going to get us that information?

Mr. Foley: Yes, I will give you that.

Mr. Cunningham: You will also get us the information with regard to a salary breakdown of people making in excess of \$25,000? That's the habit with the ministry and with every other government agency.

Mr. Foley: I've had this question before. I have always referred it to our board of directors before and they have always answered that they would provide information on the basis of categories. I will do exactly the same again. I will refer it to the board. We have a meeting tomorrow.

Mr. Cunningham: I may have to refer your budget to my caucus.

Mr. Foley: That's right.

Mr. Cunningham: I am very serious about this.

Mr. Foley: I am being very serious.

Mr. Cunningham: You are operating with public funds in trust. I don't think we should apply any different standard to your operation than we do to the Ministry of Government Services or to any other ministry. We have to justify this to the public.

Mr. Foley: Mr. Cunningham, I happen to be an employee of the corporation and I operate under that board's policy. I can't give you a commitment on that. I said I would take it to the board tomorrow at our meeting, and I will provide you with the answer tomorrow.

Mr. Cunningham: Let me ask the minister: Would it be unfair, Mr. Minister, as you are

the one who directs the activities of this corporation through the Ministry of Transportation and Communications, to direct that that information be forthcoming?

[9:00]

Hon. Mr. Snow: I will give that consideration, yes. I don't see it as an unreasonable request. It certainly wouldn't be if these employees were employees of the government. They are employees of a Crown corporation—

Mr. Cunningham: Wholly owned by the government.

Hon. Mr. Snow: Wholly owned by the government. But they are chartered under the federal Corporations Act and there are certain requirements under that Act for provision of information. If you look at any public company, normally they give the salaries of all their senior executives in block. This is what was given to you in an answer—the six at the senior executive level got a total salary of \$266,400 or an average of \$44,400 per year.

Mr. Cunningham: Which is the same as a deputy minister.

Hon. Mr. Snow: For six people.

Mr. Cunningham: For six people. If I could extend that hypothetically to the total operation for which you are responsible, you would have 12 deputy ministers—12 people being compensated at least at that level. When you include the salary of the administrator for my area, who's also compensated at that level, it would be 13.

Hon. Mr. Snow: I am sorry, I don't—

Mr. Cunningham: You understand my concern. We're paying a lot of people a lot of dough. I'd like to see that list if I could. I hope you'll give very serious consideration to putting this case to your board of directors, Mr. Foley.

I would like you to update your answer to my order paper question concerning sales. What further sales have you had on the light rail vehicles, the small buses, the wheelchair lifts and any other—?

Mr. Foley: I don't know about the small buses—I think we only have about 15 left—but I will get you that information. On the CLRV we've bid one—I think you probably appreciate the fact that streetcar bids are few and far between. We bid Cleveland last year. There have been no sales in that area since July 8.

Mr. Philip: Excuse me. May I ask a supplementary on that? Is it not a fact that most American cities, such as Boston, are not buying new streetcars but they've found ways of reconditioning streetcars? Have you done

any research into ways in which you could get into that market as a potential source of research? Wouldn't that make more sense, since Boston seems to think it's a much more economical way of handling the problem?

Mr. Foley: The answer to the first question is no. And the answer to the second question is yes and no. Lots of cities in the United States are examining the use of streetcars. Cleveland has just completed a procurement for two additional lines; I guess it would be in May or June. Buffalo is going to streetcars.

Boston has not been rebuilding its streetcars because it wants to, but because the delay in the Boeing standard light rail vehicle has been unduly long. They were supposed to have 175 brand-new cars delivered by now, but they have had 32 cars delivered, not all of which have been accepted, as I understand, because of various technical problems of one sort or another.

They've found themselves with nothing else they could do except to refurbish their existing fleet at a cost, I think, of something like \$80,000 a car. Even then, they're only expecting to get eight years' life out of those vehicles if they're lucky, and they've got some problems with that.

The answer to your second question, I think, is absolutely not. In terms of refurbished cars, it is very unlikely that any US city will purchase rebuilt equipment unless they rebuild them themselves.

The answer in terms of Latin America and some of the Central American countries, and certainly in the African countries, is very definitely yes. In fact, one of the biggest problems they have is getting together enough capital to put down the road, track, maintenance and electric facilities and then to pay the extremely high cost of new vehicles. So they tend to build their right of way, their maintenance facilities and new stations and then put on refurbished equipment which they will upgrade at a later date. Certainly that's an area in which we would very much like to see some activity going on.

Mr. Philip: With the permission of Mr. Cunningham and the Chairman, I wonder where you get your eight-year figure, Mr. Foley. I understand that Boston has projected, in its rebuilding of streetcars, that these vehicles will last up to 20 years.

Mr. Foley: No, I think you're mistaken. A statement was made in Philadelphia when Toronto supplied them with some cars after they had a fire. One of their car barns burned down and a number of their vehicles were damaged and they would have had to take some lines out of service. Toronto supplied them with some cars and they said they were

in such good shape that they might last 20 years.

The problem with the statement, of course, is the constant cost of maintenance over that 20 years to keep them at that level. To anyone who wants to dispute the level of service the Toronto Transit Commission puts into the maintenance of their cars versus that which is in Philadelphia, I would recommend they take a trip to Philadelphia and ride their system. You will see the way a transit system can end up if it's not adequately maintained.

Mr. Philip: I'm willing that we set up a select committee on it, and Mr. Cunningham and I will go off to Philadelphia to examine them.

Mr. Cunningham: And Miami.

Mr. Foley: I want to get back to your sales—

Mr. Foley: If I could just complete my comments: There have been two procurements since 1972 in North America—that is, in five years there have been two orders. There was a joint procurement in Boston and San Francisco. That was the Boeing car. The other was in Toronto. There were 175 in Boston and 100 in San Francisco as a single procurement, and 200 cars in Toronto. Then there were 40 cars in Cleveland.

Mr. Cunningham: We didn't get that Cleveland job.

Mr. Foley: That's right. It went to an Italian firm.

At some point, I would like to take you through the process of the Cleveland bid so you can see the problems that occur in terms of specification writing and bidding to a specification. UTDC supplied the low bid to Cleveland at \$430,000 a car. It was a non-conforming specification. We supplied that bid, basically, because we wanted to tell the market that there is a car available that will do all of the things that the Toronto Transit Commission wants to have done at \$430,000 a car.

The price of the car they're buying in Cleveland is somewhere around \$800,000 a car, I think.

The next bid that will come up will be this spring in Philadelphia. It's for 100 cars. I say this because I think that there has been some success in terms of letting the market know what was available to them. We have seen the preliminary specifications for the Philadelphia car and it is almost identical, if not totally parallel, to the Toronto car. So we believe that at least in Philadelphia we will not be specked out of the market.

Mr. Cunningham: Maybe priced out but not specked out.

Mr. Foley: With the current Canadian dollar, and the fact that Hawker Siddeley already has 200 cars under production, I suspect that when the design is completed and tested we will be very competitive.

Mr. Cunningham: While we're talking about these ventures, I'd like to get some idea as to how much money is being spent by your corporation in pursuing foreign contracts, specifically in Caracas, Venezuela, and in Brazil.

Mr. Foley: I could tell you that the cost of the joint venture proposal in Caracas, after all of the offsets of various support programs, was roughly \$153,000.

In the Caracas program, you will recall, there were three primary companies. I can't recall all the numbers of subcontractors that would have been in on that contract. But our costs—I'll confirm the accuracy of this figure—were roughly \$153,000 on that bid.

Mr. Cunningham: And that includes what? The cost of your time here, travelling expenses et cetera?

Mr. Foley: Travel expenses and technical work in terms of the design work that had to be done in the front end of that particular project.

Mr. Cunningham: Did you meet the spec requirements?

Mr. Foley: Yes, we met the spec requirements. In fact, looking at the final bids, we exceeded the spec requirements in a number of cases, which was one of the reasons we don't have the job.

Mr. Cunningham: Who was successful?

Mr. Foley: That's a good question, because the contract has not yet been awarded. In fact, we were asked yesterday or Friday to extend our offer for a minimum of 30 days. Minimum means whenever.

Mr. Cunningham: When you were down there, if I could ask you—you were there personally?

Mr. Foley: I think I was down twice—once to attend a reception the Canadian government was holding and the other time to negotiate some contracts.

Mr. Cunningham: Did the officials in Caracas ask to see our system?

Mr. Foley: Oh, yes. In fact, they were here. They made a tour all over the world.

Mr. Cunningham: And they saw the test track?

Mr. Foley: There was no test track at that time.

Mr. Cunningham: What did you show them?

Mr. Foley: First of all, it's a subway system that we were bidding on in Caracas.

Mr. Cunningham: It was strictly a subway system?

Mr. Foley: That's right, an underground subway system. The purpose of the bid was to try to determine whether Canada could put together a turnkey joint venture program. Quite frankly, that's a very difficult exercise on the international market. The Germans are able to do it, the French are able to do it, the British have done it with some success in the Far East but virtually all other countries aren't able to do it.

Mr. Cunningham: What's happened in Brazil? Where do we stand on that?

Mr. Foley: The Brazilian problem, basically, is that they've got—and I'm only guessing at the figure, but it's a magnitude situation—probably in excess of 20 agencies. They came to Toronto, had discussions with us, with TTC, with TATO, and asked us whether we would come down to Brazil to take a look at the situation to determine whether we could give them consulting advice in two or three areas some respecting maintenance and operations, others respecting the administrative forum in which they could co-ordinate and consolidate some of the multiple bus companies they had, some of the subway systems and the various on-street activities, including the taxi operations and so on.

They were most concerned about the institutional forum and that is what they wanted some advice on. They are still, as you will find in almost every transit property in the world, discussing that aspect. Whether or not they will let a contract is somewhat debatable. There have been changes in municipal government since that time and that will be the nature of the business.

Mr. Cunningham: What costs have the Ontario taxpayers incurred as a result of your negotiations with them? How much money has been put up front on this in spec?

Mr. Foley: We may have spent money on travelling and on proposal writing to them, but in terms of up-front money we haven't put any up front.

Mr. Cunningham: How much money have we spent?

Mr. Foley: I would be very surprised if it was \$10,000. I'll give you those figures; if you would like to come into the office, I'll be glad to go through them all. There's Bangkok as well, and Bogota.

Mr. Philip: May I ask that same question in a different way? I think I know what Mr.

Cunningham is trying to get at. Can you give us the total value of contracts you have obtained, be they in the form of consulting services for any foreign governments or American corporations or what have you, and contrast that with the total estimated expenditures—because a lot of them will be hidden costs in the way of time and so forth in meeting with these people—the total costs involved in attempting to get these contracts?

Mr. Foley: I can't do that all tonight, but we do get that information; it's printed out on a computer form and I'll make that computer form available to you if you'd like it. What I can tell you is, the answer we provided on July 6 basically sets out very close to \$1 million of consulting engineering and consulting planning contracts. I can tell you today that we were awarded a contract by the federal government for \$750,000 on energy storage flywheel studies. I can tell you that the city of New York has asked us for a proposal. I can tell you that we have a \$200,000 contract now outstanding with the city of San Francisco to provide consulting activities in maintenance costs.

Mr. Cunningham: Where is the expertise coming on that?

Mr. Foley: It's coming partly from UTDC, partly from the Toronto Transit Commission and partly from the Calgary Transit Commission.

Mr. Cunningham: Without being provocative, I would suggest it's largely coming from TTC.

Mr. Foley: I disagree with that totally.

Mr. Cunningham: We could spend a lot of valuable time arguing that, but I don't see any merit in that. I'd like to ask one more question about these foreign ventures.

Hon. Mr. Snow: I think the contract Mr. Foley mentioned that the corporation has just received from the federal agency—what was it called?

Mr. Foley: The federal Transportation Development Agency.

Hon. Mr. Snow: —was for \$750,000 just this week.

Mr. Foley: Just today.

Mr. Cunningham: With whom?

Mr. Foley: It's called the Transportation Development Agency, and it has asked us to develop an energy storage flywheel system. The initial costs on it will be \$750,000.

Mr. Cunningham: Were you involved directly or indirectly in any discussion with regard to the pursuit of a contract in Israel?

Mr. Foley: We were asked—in fact, we were paid something like \$8,000 or \$9,000 or something—to go over and do an evaluation of either a street transit system or a proposed subway in Tel Aviv. I'd have to go back and check the records on that. They asked us to go over and spend a week or so. We did. In fact, two of our people went over and spent that time, did an analysis and submitted it to the Minister of Transport in the government of Israel.

[9:15]

Mr. Cunningham: How was it that the Minister of Transportation and Communications was not aware of your activity in that regard? Wouldn't it be appropriate, Mr. Snow, for you to be aware of the various international exploits of this corporation, especially when the Premier goes to Israel and announces there is going to be, hypothetically, a \$500-million sale, which I believe involved a light rail system between Tel Aviv and Haifa?

Hon. Mr. Snow: I don't believe the Premier made any such announcement.

Mr. Cunningham: I can show it to you.

Hon. Mr. Snow: I would be interested in looking at it.

Mr. Cunningham: It would take me a while to dig it up. That's the problem when you take the press with you to Israel.

Hon. Mr. Snow: I am certainly not aware of it. Mr. Davis may have mentioned an interest which we would certainly have in supplying technology or hardware for such a system. I know officials from TATO A also went to Israel. I know there were representatives over here from the government of Israel to see the TATO A GO Transit operation, and they asked Mr. McNab if he would make two or three people available to travel to Israel at their expense to have a look at their requirements and give them advice.

I know those people did go. Mr. Bill Howard and one other at least, or maybe two, did take that trip. I was certainly aware of that. I was not aware of Mr. Foley's people going to Israel, because the corporations operate in a slightly different way. One is a separate corporation operating on a business basis. The other is a government agency.

Mr. Cunningham: I would like to ask some questions now that are somewhat of a technical nature with regard to the ICTS project. We had a statement today in the House in response to a question asked Friday by my leader with regard to the possibility of metal fatigue or stress on the steerable axle for

your ICTS project. You say this axle is workable. Is it practical?

Mr. Foley: Yes.

Mr. Cunningham: As it currently exists?

Mr. Foley: Yes. In fact, I was surprised at the question, quite frankly, because if you will go back to volumes one, two and three you will see that there were to be two phases of this ICTS program. The initial 14 or 16 months was to be a subcomponent development program and, basically, we were to spend most of our energies on exercises on developing the various critical subcomponents.

The steerable truck, quite frankly, is one of those areas in which we not only see it contributing to the ICTS program but we are anxious to see how that same vehicle and that same concept of aligning the wheels with the rail to eliminate noise and wear would fit in with other markets. I am thinking of commuter rail. We have even discussed the potential and what has to be done, design-wise, to put it into subway systems to eliminate things like the noise at the Union Station curve.

The reason that CN is participating with us in this program is because the company sees it as a valuable item for freight movements—not because it reduces noise but because the noise is a resultant factor of the steel wheel on steel rail wear. CN would like to test it on some cars on the mountains, particularly with respect to heavy freight movements, to eliminate track and wheel wear, which is a huge maintenance cost for CN.

Mr. Cunningham: Are you prepared to get into production immediately on this?

Mr. Foley: I'm not. UTDC will not get into production. There are some questions right now as to whether we ought to spend some design money to put it into a configuration that would operate under, say, a commuter rail car and test it. We've put together some programs to test it on existing streetcars, but we will not produce it. Our subcontractors are very interested. We are discussing production rights and so on right now, but I can't tell you they are going to produce it next week.

Mr. Philip: I wonder if I could ask a supplementary on that. I wonder if you just answer yes or no to the question, because we have just had a very long answer to it. Is there or is there not, in fact, a metal fatigue problem on these steerable axles?

Mr. Foley: Not that we know of. We have done the tests and we are going to continue testing. So the answer is no, we do not be-

lieve there is and we do not see any evidence of it.

Mr. Cunningham: I would like to ask some questions. Are you having any heat problems with your linear induction motor?

Mr. Foley: I don't know what a heat problem is in that sense.

Mr. Cunningham: Are you considering a ban on this type of motor or engine in favour of a rotary system?

Mr. Foley: At the present time, definitely not. I told you earlier that we have got a 10 per cent under-performance in the thrust area. At the present time we believe two things are happening: One is—and I think I said this last year—that the critical area in any propulsion system is what is called the power control unit. The problem there is largely weight and heat, as you have just identified. We have undertaken two parallel PCU unit experiments, one with a thing called a thyristor and the other called a transistor.

We did not know whether we would have successful work with the transistor. At the present time the transistorized PCU looks very successful, and if it is, then we have largely eliminated the weight problem and, to a large extent, the heat problem. We believe we will have some difficulties at the present time with ingestion of snow and ice and other debris off the guideway and we want to find a different way to vent air into the motor, because if we do have that problem obviously we cut down the flow of air and we then don't cool it as fast as we want to.

Basically, we do not see that as a technology problem. It is simply at this point, as the engineers tell us, a design problem in the sense of how you lay out ducting and how you lay out the availability of air to the motor.

Mr. Cunningham: Does that mean then Spar will start production of that engine?

Mr. Foley: No. At the present time we are going to put the LIM P-1, which is the first model, the present model, on to the test track and we are going to determine what problems we have on there. Quite frankly, I think we have to remember that this is a technical development program and we are not going to know some of the answers until we get on that guideway.

All of the simulation and test works we have done out at Spar would indicate that we don't want to go to liquid cooling and we don't have to go to liquid cooling; that we will be able to get enough air into the

motor and to the PCU; and that the transistorized PCU—which was a Rohr development, not a Spar development, and quite frankly we have rejected the Spar PCU at the present time as being second in place to the transistor—will provide us with a weight gain and, therefore, a heat reduction, so that we can solve any heat problem that is there.

Mr. Philip: Could I ask another supplementary? Your statement is that the total system performance is now approximately 10 per cent below the objective.

Mr. Foley: That's thrust.

Mr. Philip: That's thrust. Do you have a projection of the time lag that will be necessary to get it up to what you consider an acceptable level?

Mr. Foley: Could I give you some instance of what this means? First of all, the thrust of the motor really is going to control acceleration and deceleration rates and those are, by and large, a function of headway. In other words, how close do we want to run the vehicles together? At the present LIM performance we've got we know that without any changes in the braking system we would have a seven-second penalty on headway, which may or may not be significant as we move to the end of it.

It may also mean that we will accept the LIM performance we have now, and because it is on the deceleration end rather than the acceleration end that we've got the concern, we would take that up in terms of braking design. The other elements are that until we get on to the test track in about April or May of this next year we won't know how much design change we can put into that, but we are looking right now at a change in the end design of the LIM to remove what they call drag or eddy currents; and if that is successful we will get the 10 per cent back there.

We have also done studies—and I could go through a whole set of slides I have here if you wanted them—on the various types of reaction on guideway rail, and we have found that on a sheet-laminated back iron type of rail we already have sufficient performance to make it acceptable. We are now going to test different types of rail laminations to determine what happens to performance under those types. Quite frankly, at that point in time we expect to have some improvement over where we are now. Whether we will get the whole 10 per cent back or not, I can't tell you right now.

Mr. Philip: At the risk of being cynical, I wonder if this is connected to the an-

nouncement by the minister, or the admission by the minister, of the change of car lengths. Surely the main advantage of the small cars is fast acceleration and deceleration. Now, suddenly, we are told the cars are going to be longer.

I am wondering if the next thing we are going to be told is that the cars are longer but the lower performance is compatible with the longer cars. What we have now is an elevated railway system that is not much better than what was designed years and years ago, although perhaps it's a few decibels quieter and prettier to look at.

None the less, I wonder where our \$55 million is going, for all of this, to go back to an elevated railway system. I am trying to give you the benefit of the doubt, but when I hear the minister talk about longer cars, I guess I am getting a little suspicious.

Hon. Mr. Snow: Is there anything wrong with longer cars? I didn't make any admission that they are going to be longer cars. I said that different lengths of cars are being looked at.

Mr. Philip: That's where I get suspicious, Mr. Minister.

Hon. Mr. Snow: There's nothing to get suspicious about.

Mr. Philip: I wonder, then, why you need the longer cars, if you have this great acceleration and deceleration.

Hon. Mr. Snow: My statement said that the train lengths would remain the same, whether you have a three-car train or a four-car train.

Mr. Cunningham: Have you put a fixed length on the vehicle?

Mr. Foley: No.

Mr. Cunningham: You haven't. What is the elasticity there?

Mr. Foley: The train length will not go beyond 35 metres, which is the operating consideration for headway. The vehicle size doesn't make any difference for headway. What is really important is the train size; the train size sets the station length and the station length, therefore, sets the construction costs on a number of things, including things like whether you can get it into an intersection or whether it has to take up a whole city block.

The length of the cars and the number of cars in a train determine the economics of the system. Quite frankly, whether you chop the train into three pieces or four pieces is a matter of economics, not acceleration and deceleration. The second car, the third car and the fourth car have to accel-

erate and decelerate at the same speed as the first one does.

The real question of vehicle size is going to relate to how many motors we have. If we can switch from a three-car train to a four-car train, we will be able to take out certain amounts of the weight, the hardware, the amount of cost. Right now, we are looking at vehicles from 9.3 metres to 12.7 metres, and it is virtually all related to the economics of operation and the economics of capital.

Mr. Cunningham: And the type of engine.

Mr. Foley: And the type of engine. Quite frankly, it would be easier to propel a smaller vehicle and to get your acceleration rates and so on if you had four motors instead of three motors. The aspect of going to a lower-thrust motor would be much easier if we had four motors instead of three motors.

Mr. Cunningham: But you would have heat problems.

Mr. Foley: If we had heat problems, we would have to blow one-quarter more air through the fourth motor as through the third motor. The elimination of any components out of this train length, and the ability to handle the same amount of passengers per train length, makes for a much more competitive system.

Mr. Cunningham: Are you telling me now that there would be no liquid cooling at all? No glycol, no gas?

Mr. Foley: This is a development program. It may sound cynical, but right now we would not, and are not, going to liquid cooling. We see no reason to go to liquid cooling.

Mr. Cunningham: Aren't you experiencing engine heating?

Mr. Foley: Of course we have got heat. I could take you to the TTC and show you problems with heating on subway cars. The question isn't the heat you generate, it is how you dissipate it. At the present time we believe that, with the proper ducting and by closing up some of the vents to cope with ingestion of snow and ice, we can put enough air past that motor to cool it.

The vehicle size relates totally to the economics of the system.

Mr. Cunningham: I would like to talk about the gap between the vehicle itself and the rails. We had a statement today which said, "Testing to date has"—

Mr. Ziemba: On a point of order, Mr. Chairman: Mr. Cunningham has been questioning Mr. Foley for more than an hour now. I wonder if he would like to let one of the

other members speak. I'm interested in his questions, but I think it would be fair if some other people got into this discussion.

Mr. Cunningham: Mr. Ziemba, I think you go on at some length—

Mr. Ziemba: That's why I raised the point of order. It was brought to my attention the other day when I spoke—and Mrs. Campbell was there—and it wasn't quite half an hour.

Mr. Chairman: I just point out to the committee that Mr. Philip, Mrs. Campbell and Mr. Warner are on the list, and we do have to complete at 10:30.

[9:30]

Mrs. Campbell: I am quite prepared to yield my position to permit him to continue.

Mr. Cunningham: Mr. Chairman, I know your ruling will be respected. I have a few more questions, then I might be able to finish, although I see no necessity from my perspective for the committee to finalize its position on this particular vote tonight.

Mr. Chairman: That's up to the committee. How the committee uses its time is certainly the prerogative of the committee. But we do have rather large votes remaining in the ministry. If the members of the committee and the critics want to spend more time on this vote, it's quite all right with the Chair. I have to sit here anyway, so it really doesn't matter. That's up to the committee.

Mr. Philip: I think we do have some pretty important votes also, and there is something other than this one vote. I would like to see it concluded tonight at 10:30.

Mr. Cunningham: Mr. Chairman, I will go on as rapidly as I can, but I want you to know I am reluctant to cover this in some sort of slipshod fashion, because we are spending millions of the taxpayers' dollars. There is something important at stake in the development of an effective and viable transit system.

Maybe we could get on to marketing the ICTS. Is it not a fact that you are looking at the Eglinton corridor in Toronto in the very same way that the Scarborough corridor was singled out for the Krauss-Maffei system back in 1973?

Mr. Foley: No.

Mr. Cunningham: Do you deny that this corridor is very much in the back of your mind?

Mr. Foley: The Eglinton corridor was used as a study. Your staff has seen some of these studies. There is a list of them in volume three of the studies we did to determine the kinds and nature of technology adjustments that

will have to be made to handle particular revenue systems. Eglinton was one of those.

Mr. Cunningham: It was used just hypothetically?

Mr. Foley: We used it as a situation that said it will give you, among others, the kinds of constraints that will have to be met if you are going to develop something that is useful in cities. You are also aware, I am sure, that I called together all the ratepayers along Eglinton who were phoning us day after day with the same question you had. We assured them we had no interest in Eglinton or Sheppard or any other specific line. Our studies were made available, and are available, on the basis that Eglinton would give you the kinds of constraints you have to make. Whether or not Eglinton is put in as a transit system is a Metro Toronto decision.

Mr. Cunningham: Have you not retained Barton Myers Associates to do a study on that?

Mr. Foley: To do some station design concepts. We said: "What happens if you have to use express stations? How would they be designed? What kinds of requirements would they have for command and control systems and for electric systems such as housing the substations? How could you deal with them on elevated and at-grade situations? What kind of cost structure do they have in them?" We held a competition with a number of architects and asked them to look at the ability of the station design to handle people. That study has been under way for some months now.

Mr. Cunningham: When did you hire Mr. Myers?

Mr. Foley: I am guessing—August, June, or somewhere around there.

Mr. Cunningham: Is he not specifically addressing himself to Eglinton?

Mr. Foley: No, he is addressing himself to several design concepts for stations. There may be one or two stations on Eglinton that came up in a particular location, such as how to handle a four-intersection situation or how to handle a terminus situation.

Mr. Cunningham: All of which are on the Eglinton corridor.

Mr. Foley: They could all be on Sheppard or anywhere.

Mr. Philip: May I ask a supplementary on that?

Mr. Cunningham: Certainly.

Mr. Philip: Is it not true you have some studies that would indicate light rail would make more sense on Eglinton except for that

six miles between Keele and the Don Valley Parkway?

Mr. Foley: No. What we said, which is in the report that was tabled last year, was that in terms of the capital costs, whether you go for a subway, a light rail system or what we call the advanced ICTS system, there would be a difference of around five per cent in terms of the Eglinton line, if you insisted—and I think anybody would insist—that the piece between Leslie and Keele Street had to be underground. Then we concerned ourselves with what the alternatives of the underground portion would be.

I don't think there's anything more that can be said about what is more efficient and sensitive in terms of that particular study. It was a look at the kind of urban freight requirements you would have using that narrow street between Leslie and Keele streets, where there is a particular kind of urban development that is not the same as it is east of Leslie or west of Keele.

I don't think that study intended to say that, and the conclusions we published on it weren't meant to say that at all.

Mr. Cunningham: Which study was that again? Was that Soberman's study?

Mr. Foley: No, the conclusions are in volume one.

Mr. Cunningham: In volume one?

Mr. Foley: Yes.

Mr. Cunningham: I'm wondering what kind of contact you have with the Metro planning department and Doug Floyd in this regard? Are you not talking with them about Eglinton?

Mr. Foley: Am I not involved with them about Eglinton? No.

Mr. Cunningham: Do you remember a study done for the Metro Toronto Transportation Plan Review under Soberman?

Mr. Foley: In 1964? Yes.

Mr. Cunningham: Do you not recall that they made some comments with regard to a corridor?

Mr. Foley: A cross-town corridor? Yes. I'm very familiar with the study. I think your question was, are we promoting or marketing a cross-town Eglinton line? and the answer is no.

Mr. Cunningham: Let me draw to your attention a quote that I think is probably as germane as anything in that report.

Mr. Foley: I'm sorry. Which report?

Mr. Cunningham: Soberman's. It says: "The satisfactory integration of the system"—

they're talking about GO-Urban—"requires that redevelopment occur in association with it. Its unmodified impact, particularly where residential areas are about the line, would probably be unacceptable." The report goes on to say: "Without that change (i.e. redevelopment) along much of the six-and-a-half-mile alignment which was studied in the report, the elevated system does not appear to be capable of acceptable integration."

What this is saying, and what they said in 1964, is what I'm saying to you right now: You're wasting your time on Eglinton. I believe you're involved in it. I believe that's the object of the exercise with this Mr. Myers, and I believe it's unacceptable to that community. If that's the area you're concentrating on, you're wasting your time.

Mr. Foley: I have told you, I have told the city, and I have told the ratepayers, that UTDC is not involved in locating a particular line in a particular place. Eglinton represents all of the conflicts you've just quoted to me. What better place to determine what is necessary to meet those conflicts than the line which presents them all? That's precisely what it's being used for and that's precisely what Barton Myers is doing for us.

Mr. Cunningham: You'll understand how cynical I am when Mr. Myers is concentrating on that, Mr. Floyd is concentrating on that, and you make specific reference in your report—in volume one, I believe—and you continually use Eglinton as an analogy. However, failing that, what area are you looking at specifically for implementation or utilization of this whole system?

Mr. Foley: We have done a number of marketing studies in various cities in Canada, including Hamilton, Ottawa and Toronto on more lines than Eglinton.

We have been asked by the United States government to enter into a joint international technology-sharing with them on what they call their AGT program. I have here a draft copy of the agreement they would like us to sign. Their AGT program—or the Downtown People Mover program, as they call it—is currently funded to \$250 million and has been selected for five cities, Houston, Minneapolis-St. Paul, Los Angeles, Miami and Detroit. They've asked us to prequalify for a 1979 implementation of that in those cities. We have, as is outlined in volume one, undertaken studies in US cities such as Denver and others.

The question of the individual application in Toronto, whether it be whatever the cross-town line would be—Sheppard, Finch, Steeles, Eglinton—is totally a matter for a municipal

council at this point. What we are concerned about is that the technology meets whatever requirement they set at the time they set it.

At the present time, we would look forward to entering into this program with the US, the Downtown People Mover program.

As I've said, we've done studies in Hamilton, Ottawa and some of the western cities. We believe that an intermediate capacity system, whether or not it contains all of the technical aspects we have and are developing, has a substantial marketplace.

Mr. Cunningham: I've taken enough time, Mr. Chairman. If there's more time left over, I would like to get back on the list to discuss this, because I believe it's very important.

I trust, Mr. Foley, that you'll provide me with specific answers to the questions I've asked.

I should draw to the attention of the minister that contrary to the promise of the chairman of the Ontario Highway Transport Board that we would receive information the day after we discussed things with him, I have yet to receive any information from that particular gentleman. I would say I'm a little disappointed with the delay associated with that.

Hon. Mr. Snow: I'm not aware of that, but I'll call the chairman tomorrow morning.

Mr. Cunningham: If you recall, I was promised the information the next morning. It wasn't exactly all that complicated and I still haven't received it.

Mr. Philip: The minister might also ask him where the information is on questions I asked. He promised to investigate and to give me answers the next day.

Mr. Cunningham: I know he's busy, but I must say to you that I think the estimates and the legislative procedure, Mr. Minister, are far more important than any hearing that may be before the board at a given time.

Mr. Philip: I'd just like to receive it before he retires, that's all. I'd almost be content with that.

Mrs. Campbell: Before next year's estimate.

Mr. Philip: That's right.

Mr. Chairman: Have you completed, Mr. Cunningham?

Mr. Cunningham: I just wonder—because I am yielding my position at this time, Mr. Chairman—if the committee would entertain a half-hour discussion on this at our next sitting so that this information might be brought to us.

Mr. Chairman: I should remind the committee that when the estimates of this ministry commenced, we set out certain time

periods when we would discuss the various agencies coming under the jurisdiction of the ministry. Tonight was set aside for UTDC and I suggest that the committee has to maintain certain guidelines of discipline in the consideration of these estimates. I suggest also that this was done to facilitate the minister in organizing his people and to have his people here when these matters were discussed. It seems to me, unless the committee directs otherwise, that we should complete this vote tonight.

Mr. Cunningham: Mr. Chairman, if I could just make this point: I want to draw to your attention that we received the annual statement of the UTDC last Wednesday evening or thereabouts. Today we receive a rather complicated statement from the minister responding to some technical problems—

Hon. Mr. Snow: It wasn't a complicated statement at all. It was in answer to a question of your leader which I gave in the House. It had nothing to do with these estimates.

Mr. Cunningham: I'm not going to get into a dialogue with this, but you, as the minister responsible for this, should have had the answers in the House on the occasion. Now we're also given a compendium of information which I haven't even looked at. I want to tell you. And we're expected, at the same time, to pass supplementary estimates of \$9.2 million. I want to tell you right now I'm not prepared to do that this evening. We're talking about taxpayers' money. We're talking about a system, Mr. Foley, that I am not particularly enthused about because I have yet to see any results.

Hon. Mr. Snow: It's obvious, Mr. Cunningham, you're not enthused with anything that would advance new technology of transportation for the cities across the province.

Mr. Cunningham: Mr. Minister, I'm not going to get into a dialogue on this—

Hon. Mr. Snow: You don't have to get into a dialogue.

Mr. Cunningham: —at the expense of the time of the other committee members. But I want to tell you, this is of fundamental importance to everybody in the province of Ontario—

Hon. Mr. Snow: If you want the staff of UTDC back tomorrow night or Wednesday morning, I'll arrange to have them here.

Mr. Cunningham: That's my request. I ask that this vote be deferred until that occasion.

Hon. Mr. Snow: It's up to the members of the committee.

Mr. Chairman: I think we'll go to 10:30

and make that decision then, Mr. Cunningham, if you would agree with that.

Mr. Cunningham: If Mr. Foley can satisfactorily answer those questions before 10:30, I would agree. And perhaps your staff here would record the concerns that we have, the questions that we've asked and most of the questions that you haven't been able to afford us answers on.

Mr. Foley: Mr. Chairman, UTDC has had a policy of briefing and providing all the information to all the parties; we've had several briefings of the various caucus members over the last year, and we're prepared to do that at any time. If the hon. member would like to come into our offices—or we'll go to his—we'll provide him with all those detailed answers. The problem is that I don't carry all that information with me. But, as I said, I would be glad to give him a complete briefing and any answers that he or any of his associates want at that time. We will be glad to do it.

[9:45]

Mr. Cunningham: After the estimates have passed, I must say, this fundamentally offends me. We have a responsibility, sir, to the taxpayers. As you operate some private concern, it may be easy for you to have the luxury to go around and say, "We don't know what this particular man makes and I will get that information for you." But before I can say aye or nay on your estimates, I would like to know the answers. It helps me.

If you think this is some sort of a sham or some sort of process where we can just arbitrarily say yes to \$9 million or \$10 million, I want to tell you that's not the way it should work. You have a great staff and you have the luxury of coming forward and giving us a long compendium of statistics et cetera that one of the sharpest accountants in Ontario would have some difficulty addressing himself to. You know exactly what you are doing and I am offended by it, and I want these answers before I cast my vote.

Mr. Philip: With the greatest of respect for Mr. Cunningham, I think each critic has his own interest area and probably his own hobby horse for beating. I would have liked to have spent two evenings on the transport board. I think they are dealing with economics of transportation that are every bit as large in terms of real dollars as this group is spending. I don't think the answers I got from Mr. Shoniker were any more direct than some of the answers we are getting this evening. At least we are getting some specifics this evening.

I just don't think that we can cast aside

each vote like this. We do have to pace it. There are a number of people in our caucus who have some very specific things to say about roads going in certain areas and they want to deal with those issues. I think the time to ask further questions on some of the answers we get, either from the transport board or from any other body that appears before us with the minister, is in question period; and we are going back to the House in February. Or, if we are not happy with it, it leaves us plenty of opportunity in the next month to write press release after press release when the press are probably hungry for news and we will get all kinds of coverage.

Mr. Cunningham: That's a little *ex post facto* when we are talking about billions of taxpayer dollars.

Mr. Philip: I suppose it's *ex post facto* too when we passed the transport board, but we did that. We are also talking about millions of dollars there. I just don't think we can go through that kind of exercise.

Mrs. Campbell: On a point of clarification, Mr. Chairman: On the earlier votes what were the supplementaries under discussion and when did you have them, as opposed to the supplementaries today, and when you got those. There's a difference, is there not, Mr. Chairman?

Mr. Chairman: I think the point Mr. Philip is making is that there are many important votes under this ministry and many of his colleagues, and I am sure many of Mr. Cunningham's colleagues, wish to speak to those various votes. They all involve large sums of money, considerably more money than this particular vote.

I recognize the interest and concern with this vote but I think it's a matter of pacing and giving the proper attention to all of the ministry program and just not focusing on one to the exclusion of other matters within the ministry. I think that's Mr. Philip's point and it's well taken as far as the Chair is concerned. But we will see how we get along at 10:30

Mr. Philip: I wonder if we can go back to what I consider a fundamental question. It gets us away from some of the technology and so forth that we have been going through. I must say that Mr. Cunningham did raise a number of questions that I wanted to raise as well and I had some of my questions answered on supplementaries to his questions. But it seems to me that one of the fundamental questions is, who wants what it is that you are doing? What is the consulting process you have had with munic-

ipalities who are the main users or the main purchasers of it?

When I talk to urban politicians, I find that the kinds of things they are asking for in transportation have very little to do with the kinds of things you are researching at the moment. The urban politicians in my area talk about the need for improved bus shelters while you talk about space age technology.

I am wondering what consulting process you've gone through to derive, first of all, what your objectives are and, secondly, how you judge your priorities. And what input have the municipal politicians or the grass-roots politicians had in your decision-making?

Mr. Foley: Let me start at the first part. I think there were three questions. One concerned the involvement of the transit operator in terms of the work that's going on in the various programs, another was on the set of priorities that are established, and then there was the question of our political process at the municipal level.

With respect to the first question, I think it is fair to say the streetcar programme, the light rail program, derived almost totally out of a TTC-specified—or, if not specified, directed—requirement. At that time we were very concerned about building a specification that would meet only the Toronto Transit Commission's requirements and have no other applications anywhere. So we brought the two top people in the TTC, Mr. Bardsley and Mr. Corley, on to our staff. They were seconded to us for two years to work with us and to develop the specifications for the streetcar and all of the various subsystems, including the track, the propulsion system, the interior comfort systems, acceleration and braking and all those elements.

We then undertook a market research program, in effect, for both Ontario cities and other Canadian and US cities as to the elements of change they would want in that specification. One of the things you will find is that most transit properties want a custom vehicle for their own city; that's one of the problems that the industries had—that is, trying to build effectively and efficiently at 100 off, instead of being able to supply a number of cities.

The light rail program basically started as a direct result of the Toronto Transit Commission's requirements. As I said, we looked at a number of other properties and fed them both into what we call the determination of the operational requirement, which is the statement that says what it is we have to achieve in terms of this technology. What

is it that the customer wants to have achieved? That approach applied to the streetcar.

With respect to the intermediate capacity transit system as outlined in volume one, we undertook what we called an operational requirement study and brought in the Toronto Transit Commission. We also did a number of other studies, all of which are recorded there, setting out that operational requirement. In addition, we asked the Toronto Transit Commission if it would come up with and participate in what's called a users' committee—that is, trying to determine what is needed as you see the technology changing, because it does change and you do make modifications as you progress through the design into the production and prototyping and so on.

In addition to that, there's a group called the American Public Transit Association. That's a bit of a misnomer because it includes most of the Canadian public transit operations that operate fixed rail systems. They had a users' committee, with which we worked for 13 months in setting out what we'll call the specifications and the operational requirement for the ICTS programme.

It so happened that their interest was to set out the specifications and requirements for what they call their Downtown People Mover program; and if you look at the process of these two programs, they have proceeded somewhat in parallel.

Mr. Philip: Before you continue on that, may I ask a question? It seems to me that TTC estimated they could produce the light rail system in their own shops for something like \$250,000 per vehicle. You are producing something similar for \$400,000 per vehicle. I wonder how TTC, if it was consulted, could be part of that consultation process.

Mr. Foley: TTC made an estimate in 1971 of the cost of producing a light rail vehicle from basically a paper design, and they said their preliminary estimate would be around \$250,000. That was in 1971. What we did in the contract with TTC was to say to them, "Look, in producing these vehicles, you want us to do the design work, the prototype work and the testing work." They had an option in that contract to take over the design and produce them themselves if they wanted to. If they did not want that option, we were to reduce the price of the order by \$200,000—\$100,000 in two payments. This year, the TTC commission—I think it was by unanimous vote—decided not to go ahead with any manu-

facturing of the vehicle, because it couldn't do the job any better than the private sector could do the job; and that's who's producing the vehicle.

Mr. Philip: Is it not a fact, though, that once a project is far enough down the line, it's no longer feasible for another body to take over? Isn't that what's happening here?

Mr. Foley: No. This was the design work. What they're talking over is all of the detailed design. Certainly if they wanted to set up their own facilities for manufacturing and tooling, now would be the time to do it. That was when they turned it down.

Mr. Philip: What would their costs have been if they had taken it over from you right now?

Mr. Foley: I don't see anything in hand in TTC's operation that would mean its costs would have been any lower than the private sector's costs. I don't see what they could do differently. They would have had an awfully big capital cost in putting in the machinery and facilities to do the kind of stamping and forming that would have been required—welding shops, electric shops and so on. They have a very big maintenance program now that they have to keep going. I think it was their decision not to select the manufacturing process. I think the commission made it by unanimous decision, but I can't say that for certain.

Mr. Philip: I want to come back to that, but carry on, please. I want to hear the rest of your answer.

Mr. Foley: There are two elements that set the priorities, the first being the various levels of funding, both here and in the United States, and the extent to which they will set the ability to do the job. Our other priorities are set by saying to the various private sector subcontractors we have, "What is it that you are doing?" In other words, one of the reasons we are not involving ourselves in any bus business is that we've had discussions with the bus people and indicated they are proceeding with a whole set of development activities. The priorities are set by that level. They're also set by the extent to which the degree of technical complexity will absorb money.

With respect to political interaction at the municipal level, we are very reluctant to involve ourselves with municipal politicians in terms of particular lines or particular areas. The operators tend to be the people involved with maintenance and operating of the particular vehicles. It's their require-

ments in terms of the technology and the operating costs that we tend to look to.

Whether or not the particular municipal council will vote funds or wants to have a particular system, we basically leave it until it has made that decision, and then we find ourselves in a bid process much like anybody else. We have some degree of reluctance to be involved very heavily at the municipal political level.

Mr. Philip: Is it not true that the TTC is not able to obtain these on an open bid; that by having an exclusive contract with you people it may be paying more, or considerably more, than what it could get the same product for on the world market?

Mr. Foley: Other than the initial design, every component has been bid on the open market in terms of a competitive bid. With respect to the design work, we put a proposal forward to them. There were two bidders of their selection. There were about six designers who were looked at and the TTC made the selection of who would be the prequalified designers. Those two people provided us with estimates and bids. That was a competitive procurement.

Every subsystem is a competitive procurement. Part of our contract with the TTC has a clause in it that says with respect to quality and performance, we award to the lowest competitive tender. We have a contractual obligation to do that.

Mr. Philip: With all respect, I don't think you've answered the generic part of the question, which is: What is the whole process by which you decide, in relation to the municipality, what the kinds of projects are that you are going to be working on? I think you've started further down the tube. If I go to somebody and say, "You've got a certain number of options; what's your choice?" that's one kind of consulting. The other kind of consulting is to go to him and say, "What do you need?"

What I'm saying is that you're offering a much more directive kind of counselling service than a non-directive counselling service. I'm wondering if you should go back to a more open-ended kind of consulting process. If that happened, I suspect that the local politicians wouldn't consider some of the things you're working on as high-priority at all.

[10:00]

Mr. Foley: If you would allow me to rephrase the last part and say "the local transit authorities" rather than "the politicians," I could deal with that. For instance, Edmonton

came to us and said, "We have some problems with our train control system. Would you be prepared to undertake some work on that?" We said, "Let's take a look at it and see how compatible it is, what we know about it, whether there are resources there, and what we could do for you." We spent about four to five months and undertook a program for them. That was on the basis of a contact that continues to go on.

Quite frankly, we meet with these operators quite regularly and they provide us with certain amounts of those inputs. But it's a two-way operation. For instance, when the TTC looked at the fatigue tests on the truck and the design of that particular truck, it asked us if we would give some consideration to looking at a truck design that would fit under the subway car so that it could refurbish the red subway cars with these new trucks. We have undertaken to put together a program to see what would be entailed in that. Quite frankly, at the present time it looks like a very complex program. It might not be the kind of program that could be funded and undertaken on an economic basis, but certainly that goes on.

We've done that on a number of cases. San Francisco called recently and said: "Would you be prepared to come down and spend 90 days and look at some of the maintenance problems we've got with streetcars?" That was precisely the way that whole thing emerged.

Mr. Philip: Related to that question, would you agree that the light rail systems, such as those in Europe, are capable of carrying anywhere from 5,000 to 40,000 passengers per hour, depending on the extent to which they have the right of way? I'm wondering what it is you think you are developing in this new technology that could not be done by light rail systems that seem to be so effective in Europe. In other words, what is it you are designing that's new, that couldn't be bought, in terms of objectives of transporting passengers from here to there, using the traditional European systems with the modern technology that's already available?

Mr. Foley: Firstly, you have to deal with the presumption that the Europeans and the Americans are not doing any transit development and are totally satisfied with the systems they operate now, and that's not the case. They're doing substantial development work. In fact, what we try to do is work with companies such as ITT, which has the SEL command and control system, so we are sure that we are not going to duplicate that. So that just deals with that.

The second part of that is that you've mentioned a figure from 5,000 to 40,000 passengers per hour. In fact, I think the Toronto subway between Bloor and Wellesley is the only area that really carries 40,000 per hour in one direction. By and large, what you get into is a situation dealing with the aesthetics in the urban area: Can you get out of the tunnel? Quite frankly, if you can get a transit system that gets you out of the tunnel and will be acceptable in the community in terms of noise, size, environmental things, vibration and so on, you're right; you could carry a sizable number of passengers.

Basically, what we have to do—and all these operational objectives are aimed at those things—is have medium capacity, which would get you out of the tunnel, and which reduces your capital cost substantially, and a frequency of headway and service. There aren't very many of what you call municipal light rail operations in Europe. In fact I don't know one that even approaches 40,000 passengers per hour. Certainly they have what is called the U-bahn and the S-bahn, which is a subway system in one case and a high-speed commuter system in another case.

I'll take you to many places in Europe where, if you operated at the kind of frequencies and passenger loads you're talking about, they would be totally unacceptable anywhere in Metropolitan Toronto or Hamilton or Ottawa. The real key is to get out of the tunnel and to be able to operate either at grade or on some kind of elevated form to avoid the tunnel costs.

Mr. Philip: All right. In terms of aesthetics, do you really think the elevated form is more aesthetically acceptable than other forms?

Mr. Foley: There's nothing more acceptable than the tunnel.

Mr. Philip: That's purely a subjective opinion on your part.

Mr. Foley: No, I'm hoping that it's not. That's one of the reasons we've engaged a number of consultants. That's one of the reasons we've carried on discussions with the American public transit people, the Toronto Transit Commission and all kinds of other urban planners. That's also one of the reasons our staff, in many ways, contracts out to consultants and planners virtually all of the environmental aspects of this. I just disagree with that.

Mr. Philip: You're talking about noise as one of the environmental aspects. You are talking about 72 decibels compared to, say, 75 decibels for a Canadian light rail vehicle, which you yourself have been developing.

Mr. Foley: It is 65 decibels on the ICTS system, while 75 decibels is our tested number on the CLRV. It's about a 10-decibel difference. What you have to understand is decibels, though, aren't the only thing.

Hon. Mr. Snow: How do the 75 decibels you have attained on the light rail vehicle compare with what your design goal was for that vehicle?

Mr. Foley: It's just about right on. In fact, our design goal was 75 with all equipment running. As to the accuracy of the measuring problems—and the ministry is aware of all those things—you could be within one or two decibels, plus or minus. You're really not able to calibrate that very accurately. We think we're pretty close to right on.

Mr. Philip: I'm not a technologist. From my experience as a little kid in riding the elevated railway in Chicago, it seems to me from a very simple point of view that you can't compare decibels in the air with decibels on the ground.

Mr. Foley: That's right.

Mr. Philip: If you have 75 decibels on the ground, surely that would carry less than 65 decibels in the air. How do you compare the two? You're going to spread the noise over a larger area or space. Do you have a formula to compare the two?

Mr. Foley: To try to deal with noise in its best area, we are obtaining the services of a whole lot of consultants and planners. The formula they're using is in terms of the decibel ratings, which is a measurable thing on a machine. Then we have to set it in that context. One of the reasons we're interested in the consultants and the architects right now is to determine guideway shapes, guideway forms, pillar lengths and all the rest of the things that would alleviate all of the problems you deal with.

Mr. Philip: If you put the same amount of research into having these same architects design the kind of aesthetically beautiful and noise-free or low-noise areas for light rail transit, surely you'd be able to come up with the same kind of result.

Mr. Foley: Let's not be mystified by names. If we provided all those things in the light rail vehicle, one of the first things we'd probably do is go to a steerable truck and look at how we could power a steerable truck to get away from the noise that's coming off the wheel and the rail. That's what we're basically doing. Then we would try to look at it and say: "What happens to the guideway form with the width of the vehicle, the size of the vehicle and the weight

of the vehicle?" We would try to scale it down to a size, scale and weight that would be acceptable to community, given vibrations and noise and other emissions from it. That's what we're doing now.

If you had the opportunity to select a propulsion system that did not drive the wheels, but instead just used the wheels as a suspension system and rotated on them and did not worry about the coefficient of friction to drive them and brake them, you would get tremendously less wear, operating costs, noise and vibration. That's what we're trying to do now.

To the extent that you want to call whatever we're doing an advanced light rail system, that's precisely what you would get. But if you add all of those features together, in scale, size, motor, braking and automatic control system to the extent that it's necessary to the operators to give you high frequencies, because you want small size and high frequencies required of the small size, then you end up with a convergence. That's why I have some problem in terms of the nomenclature that people are using. In the United States, they use "advance guideways" or "light rapid transit." People use "light rail transit." We use "intermediate capacity transit."

To some extent, what you're talking about are subcomponent developments. Quite frankly, if we are able to develop the steerable truck and then hook a rotary motor into it, it has lots of applications, including current subway operations, which would take away not just the noise and the vibrations but a tremendous amount of maintenance costs in terms of wheel wear and steel rail replacements.

To that extent, the TTC has been quite interested in this whole thing. I have talked to their general manager on a number of occasions. He says: "When will you be able to look at some of the subway problems with respect to that truck?" This is a convergent program.

Mr. Philip: I think it is hard to disagree with the whole argument of spinoff technology, because I think the space program probably showed that some of the advantages of spinoff technology often can outweigh the costs and so forth of the immediate project.

I wonder if you can give us a list, or some indication, of any of the spinoff technological advances that have come so far and a projection of some of the spinoff technology that you think you will likely do, or get at, in phase three and phase four of the project.

Mr. Foley: We are now roughly 12 to 14 months into a program that is—and I think it

has been said before—a very complex technological program in terms of the developments. In it there are two areas about which we have some sense of excitement at the present time; and I mean that in more than just a “we-did-what-we-said-we-would-do” sort of thing. One of them is the steerable truck. It has been looked at. There are other parts of the world where the concept has been looked at.

We have met with, and are working with, people such as List, and with the Sheffler truck, which is a South African sort of concept. CNR and a number of the railways have looked at us and said this has a lot of benefits for the freight side as well, and so they started to participate in the program. Dofasco, which has been involved in trucks, has become interested in this thing because it's a foundry situation, and you need a large foundry to build trucks.

The biggest problem we have is propelling a steerable truck. To the extent that we can go to a rotary induction motor on a steerable truck, that would be another area of substantial excitement. It would have more than just transit technology aspects. We are limiting ourselves to the transit applications of it to the extent that if there are other applications, those will be followed up by Dofasco, Canadair, CNR and so on.

The other one that's got some excitement to it is the business of being able to replace these large thyristors, which are a piece of the electric machinery. They are very heavy as well as being very expensive, because they are made out of copper. If we can replace those with the transistor, then we will have developed a sizeable breakthrough in electric motor control.

We have done what's called a breadboard PCU with transistors. We've had it operating for about 12 months, I guess. We are very impressed with the reliability statistics we've got in terms of fatigue rates and so on.

Mr. Philip: Have you done computer tests on it?

Mr. Foley: We've done some simulation work. But we've also built what we call a breadboard. This is when you don't package it all into its final stages but all the circuits are there so you can run a current through it and so on.

At the present time we're very excited about that. We don't know all the problems with it yet, so we are doing some work on it.

Mr. Philip: Can you give us the results of the simulation work you've done on it?

Mr. Foley: In terms of the output, there's a whole series of things you measure in these

kinds of things, particularly lifespans, currents, capacities and so on. Generally, we've had Rohr and Spar in on this process in terms of our modelling and our breadboard prototype. Our biggest concern was that the transistor reliability would be too low. Morrison could probably answer that question in detail but I think our reliabilities have exceeded what we have predicted. Which means the lifespan of the transistor. So, they've come out well.

If that succeeds, that will apply to almost every electric motor drive that is built, whether it's in mining machinery, industrial machinery or whatever.

As I said, when you ask, “What are the spin-offs?” those are two of the areas we're very excited about. Where they go, and how far they lead, really depends upon what the future problems are. This process is one of discovering the problems during the testing, redesigning around that problem and then retesting. There's no simpler way of doing it.

Mr. Philip: I'd like to pursue that at greater length. I would like to ask you for a comment on the report on urban transportation and energy release by the Senate committee on environmental and public works.

In their summary they said, of all the commonly held notions about energy efficiency probably the most misguided are those concerning rapid rail transit. Findings of this study indicate that under typical conditions, new rapid rail systems actually waste energy rather than save it. No doubt you have read that. I would be interested in hearing your comments on that point.

[10:15]

Mr. Foley: First of all, when that report came out, we were asked to submit some material we had done for the Porter commission on electric power planning, which was tabled here in the Legislature about a year ago. It was tabled before the Porter commission. They asked us to present that to the Senate, which was done. In fact, they did that for us. Then they asked us to work with a group of universities, including MIT, Yale and a number of other west coast universities. We presented this report and received substantial credit from the US government and from the US transit community.

I think that perhaps the best way to describe that is to say Dr. Juri Pill of TTC published a report this week. I don't know if you have seen that.

Mr. Philip: I have read reports of it.

Mr. Foley: He states his conclusions were that it is confused, contradictory, unfounded, misleading, deceptive, erroneous, irrespon-

sible, incorrect, absurd, and simplistic. It goes on and on. I think that would be about our view. That was a TTC report on the US government report.

Mr. Philip: He obliged us by releasing his criticisms of the report in alphabetical order, which at least showed a certain systematic approach to research.

Mr. Foley: If you would like a copy of it, I'll get you one.

Mrs. Campbell: Where is my copy?

Mr. Foley: I'll have a copy for you.

Mrs. Campbell: I'd like to get it.

Mr. Cunningham: Mr. Chairman, I get the impression from other members we are going to be required in the House at 10:25 for a vote.

Mr. Chairman: I understand that's right.

Mr. Philip: I'll yield the floor to other members.

Mr. Cunningham: I wonder if we could give some consideration to the matter I drew to your attention with regard to the possibility of delaying the vote on this until shortly after 8 o'clock tomorrow, depending on some answers from Mr. Foley.

Mr. Chairman: It is whatever the committee wishes. This is an experimental program. It involves new technology and is very complicated. We could spend a week on this. It is up to how the committee feels about it. There was a general agreement we would pass this vote tonight. However, I am in the hands of the committee.

Mr. Philip: I have a feeling we are involved in a witch hunt. I'd like to stop it. I don't think we are going to get any further on this subject.

Hon. Mr. Snow: Regarding Mrs. Campbell's report, we have requested it from the TTC. We don't have those reports ourselves. We will send them to you.

Mrs. Campbell: They have got it.

Mr. Foley: They are closer to the source.

Mr. Philip: You've got a Xerox machine. You can give me your copy.

Mr. Foley: If you take it back, I'll get you both copies.

Mr. Cunningham: I know the slide projection and the four-minute film were helpful, and we spent 20 minutes at the beginning of these estimates discussing this. I must admit I spent an undue amount of time, but I am concerned, and Mr. Philip spent some time. That has not afforded any other member time for discussion on this very contentious

issue. At the same time, we have to yield at least five minutes so that we can get to the House and vote this evening.

I am disturbed. We are spending two hours on a \$30-million proposition at least and, more important, with some very contentious issues with regard to the technology in this. I don't think we should be so cursory with the public's money. I would ask that we delay this until tomorrow evening.

Mr. Chairman: I suppose, Mr. Cunningham, it is a matter of priorities. This vote entails \$28,476,000, plus the \$9.2 million in supplementaries. Vote 2504 entails \$391,576,000. It is up to the committee, but we did have a general agreement that we would pass this vote tonight. The critic for the NDP has indicated he would like to pass it tonight. All I say to you is that it is not for the chairman to decide. You make it somewhat difficult for the chairman to arbitrate in these matters because the understanding was there that we would pass the vote. However, if you want to make a motion to that effect, I'll put it to the committee.

Mr. Cunningham: I wish to do that.

Mr. Chairman: The other difficulty, the technical difficulty, is that someone else would have to put the motion, Mr. Cunningham.

Mr. Cunningham: I'd like my colleague, Ross Hall, to make that motion.

Mr. Hall: So moved.

Mrs. Campbell: Mr. Chairman, if it's open for discussion, perhaps the difficulty is in the procedures in the House, in that I don't think this committee was aware of the supplementary in its form at the time this agreement was entered into. Perhaps it's a lesson to this committee and all others that we do not permit the government to bring in the supplementaries and, at the same time, move that they be dealt with together with the old estimates, because that is where we're running into problems tonight, I suggest. I don't think it's a witch hunt, and I resent that remark. When you get \$9 million in supplementaries dumped at the last minute the way these were, I think that the committee has a responsibility to the people of this province to see that we don't gloss them over too lightly.

Mr. Chairman: The point is well taken, Mrs. Campbell, as you understand. That was beyond the control of the Chair.

Mrs. Campbell: Exactly.

Mr. Chairman: I didn't have anything to do with that. Mr. Hall has put the motion

that this vote be carried over until tomorrow night.

Mr. Warner: Obviously, Mr. Chairman, if we wanted to pursue this issue in some detail, with the expert knowledge that has been presented to us tonight by both Mr. Foley and Mr. Soberman and others, we could be here forever, because obviously these individuals and others have a tremendous amount of knowledge in what is a new field of endeavour in many respects.

I don't like the idea of having supplementaries tossed in with regular amounts. I agree. They should be dealt with as separate matters. That hasn't been done here. It's part of the compressed nature of the business we've gone through since October. That's all going to be rectified in the new year, we understand, and we're not going to go through this kind of compressed activity again. But, having said all that, and in respect to the amount of the moneys to be expended in the next vote, I am anxious that we get to that in its entirety and start afresh tomorrow. I would like to see us conclude this particular vote tonight and move on to fresh endeavours tomorrow.

Mr. Chairman: Is there anyone else who would like to speak to the motion? Are you ready for the question?

Some hon. members: Agreed.

Mr. Chairman: I should indicate to the committee that Mr. Belanger, Mr. Hall, Mr. McCaffrey, Mr. McGuigan, Mr. Walker, Mr. Warner—on that point, Mr. Ziemba indicated that he was substituting—

Mr. Warner: Do you not have di Santo, Warner, Philip and—I've forgotten. Is di Santo on the list?

Clerk Assistant: Mr. di Santo is on the list, yes.

Mr. Warner: Right. I believe Mr. Ziemba is substituting for Mr. di Santo, who is ill.

Mr. Chairman: Oh, so this was in error then?

Mr. Warner: Yes, it should read Mr. di Santo. We look alike.

Mr. Chairman: All right. With that substitution, those are the members who are entitled to vote.

All those in favour of Mr. Hall's motion please say "aye."

All those opposed please say "nay."

In my opinion the motion is lost.

An hon. member: It's a coalition government.

Mr. Chairman: Mrs. Campbell?

Mrs. Campbell: I have nothing further.

Mr. Chairman: Mr. Warner.

Mr. Warner: Thank you, Mr. Chairman. While I wish to reserve a corner of judgement on the actual operation, I would certainly like it to be on record that I wish to congratulate the left wing of the Conservative Party for having adopted what is a good socialist principle of government development—

Mr. Hall: Without accountability.

Mr. Warner: Accountability is right here in front of us tonight in the statements they will and must provide and in the answers they give willingly and quickly. The government is doing the kind of thing that a good socialist government would do; that is, to undertake research and development, and to make sure you retain the best kind of people to do the job efficiently and effectively. So you're on the right track.

Hon. Mr. Snow: I think we're doing the right thing but it's not because we're on the socialist track.

Mr. Warner: No, but you're listening to us, I guess.

Mr. Chairman: The bells are ringing.

Mr. Warner: Yes. Could I just conclude?

Hon. Mr. Snow: Could I say that there are 21 women employed in MTC who make over \$20,000 a year?

Mr. Warner: I have one question, Mr. Chairman, which perhaps Mr. Foley could pursue at some point for me. That is, without documents like the Soberman report and others, we perhaps don't develop a good public transit system in a large city like Toronto. I would like to know the kind of involvement that your corporation must have with municipalities in order to be able to obtain the contracts that are needed to stay in business. Perhaps we can pursue that because, as always, I know you welcome people to your office, as I have been there on other occasions. Perhaps we can discuss that at some point.

Vote 2502 agreed to.

Supplementary vote 2502, item 2, agreed to.

The committee adjourned at 10:27 p.m.

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No. G-32

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Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Transportation
and Communications



First Session, 31st Parliament

Tuesday, December 13, 1977

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

TUESDAY, DECEMBER 13, 1977

The committee met at 8:05 p.m.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS (continued)

On vote 2503, safety and regulation program:

Mr. Bradley: Shall I ask this of the minister, or can I put it to one of his staff?

Mr. Chairman: The minister is detained. He is one of a group of 67 which has been detained. He will be here shortly.

Mr. Bradley: I am certain officials of the ministry could answer my question. My question and comments relate to licensing and the eligibility for licensing.

On November 21 in the Legislature I asked a question of the Minister of Labour (B. Stephenson), because the Minister of Transportation and Communications (Mr. Snow) was not available on that particular day. My question was as follows:

"Does the minister approve of the policy of the Ministry of Transportation and Communications which says that a truck driver who becomes diabetic before January 1977 and who has driven for a long time, may continue to drive and have a class A licence, while a person who has driven a truck for 15 or 20 years, or whatever number of years, who becomes diabetic after January 1977 is not allowed to be granted a class A licence? As the Labour minister, does she approve of this?"

The minister said she was not familiar with this particular regulation. Perhaps I could get some clarification on whether the information I had on that day was accurate and whether a person who becomes diabetic after January 1977 would not be able to obtain a class A licence.

Mr. Gower: The question is not simply whether a diabetic is eligible to drive after a certain date or not. There is a provision within the regulations whereby the minister may grant a waiver for a driver who suffers from a physical disability or a condition that he has had for a significant length of time prior to the beginning of the program. This

latitude was developed within the legislation for the minister's discretion, primarily to deal with a person who may have had a physical disability—who may have had, as an example, one eye and who over many years had gained experience and had compensated for that particular deficiency.

In the case of other medical problems, such as diabetes, epilepsy, and other less controllable or less definable medical problems, there are situations where if a condition has been long-controlled by medication, and the patient's physicians are supported by a review of the medical advisory board of the ministry—that that condition has been in existence for a significant length of time and it has been demonstrated over a lengthy period of time that the condition is fully controlled—the minister may waive that condition.

There is nothing automatic about it, if he had the condition prior to the first of the year he is waived in and latterly he is not.

Mr. Bradley: I recognize it isn't the vindictiveness of the ministry attempting to get certain people; I recognize you have valid reasons for wanting drivers across the province of Ontario to be in good health and not endanger other motorists on the province's highways. My contention is, and perhaps you would be kind enough to comment on this, you could have even two, three, or four medical checkups a year for diabetics and they might be able to continue to drive.

Let's take the instance of a person who is about 50 years old—

Hon. Mr. Snow: Getting close, getting close.

Mr. Bradley: —has driven a transport truck all his life and develops diabetes at about the age of 50—after February; he developed it in April. He's then unable, as I understand it to drive his tractor-trailer on the highways because he developed diabetes at a recent date. Therefore, he is either out of a job completely or he is confined to city driving. At one time companies merely transferred drivers, if they became ill, had a heart attack or diabetes, to a smaller truck in the city. I understand that kind of service isn't prevalent any more.

Could they be allowed to drive a tractor-trailer at least within city limits, rather than on the highways? I really think it is discrimination. I don't think it is malicious discrimination by any means—obviously you have reasons. But is there not some way of overcoming this problem?

Mr. Gower: I will make one comment on the case that was referred to in the House. In the medical report dealing with that particular individual, the physician reported that the diabetic condition was still in the process of stabilizing. The driver was not stable.

These are the problems the Canadian Medical Association envisions in its publication, the "Guide to Physicians in the Control of Problems as They Relate to Driving." It suggests that a diabetic faced with the physical and mental stress of driving, when he has a condition that varies, depending upon stress, exertion, and their regime—not only of medication but their food consumption, there are many such influential factors—may fall into a condition which would be a hazard on the roadways in driving these very large vehicles. The Ontario Medical Association has recommended that these people not drive.

In Ontario, in the case of a person who has stabilized his condition over a long period of time and has proven with maturity and with proper control he has maintained it, the minister in his discretion would waive him into the system.

Mr. Bradley: Even if he were to get diabetes after January 1977?

Mr. Gower: No, sir. The purpose of it is for those who, up to this point in time, have demonstrated a long-established control. The case in point is one in which the physician is still attempting to stabilize that condition. It is not a matter of having established control, it's still in a brittle state.

Mr. Bradley: Let us say, then, that in the future that particular person, or any other person who might be diagnosed as diabetic—let's say a person who was diagnosed yesterday as diabetic—after a few years demonstrates that he or she has stabilized the diabetic condition, would you then be prepared to entertain the minister's granting special compensation to that person?

Mr. Gower: At this point in time the legislation prevents it, but there is nothing to prevent consideration of that question. As a matter of fact, the whole question of medical standards has been referred to the Canadian Medical Association for a further review and recommendations.

Mr. Bradley: How much input would the Teamsters union, or any other union that would be involved, have on these decisions?

Hon. Mr. Snow: I think we have to rely to a great deal in these situations on our medical review committee and the medical associations that advise us on the standards.

Mr. Bradley: I recognize your concern, I think it is a legitimate concern.

Hon. Mr. Snow: I think it is legitimate.

Mr. Bradley: Yes, I'm merely trying to see if there is some possible way we can overcome certain problems.

[8:15]

We have to feel rather sympathetic, I think, to the person who reaches a certain stage where he's driven a truck all his life. It's not a particular case I'm thinking of now but a hypothetical case where a person has driven a truck for a number of years and then becomes diabetic or has some other condition. What does that person do? He really isn't going to get a job somewhere else if all he's done is drive a truck. It's going to be very difficult in the present economic climate, and in the foreseeable future, for him to switch jobs.

Companies don't want to hire a person that age, let's face it, whether they say there is no discrimination or not. They don't want to hire people that age. It's a little more difficult for a person at that age, I would think, to be retrained. So it does place that person in a dilemma.

What I'm trying to get your ministry to give some thought to is ways around it. Can we still ensure safety on the highway through reasonable health standards and, at the same time, provide these people with jobs? That's a tricky situation, I know.

Hon. Mr. Snow: That's certainly a desire of the ministry. When we implemented the legislation a year ago or thereabouts on a classified driver's licence and I was reviewing the legislation, one of the first things I thought about was a neighbour of mine who has done nothing all his life but drive a truck. He's the same age as I am. We grew up together.

When he was about seven years old he lost an eye. He was like a lot of kids, playing a little tomfoolery breaking pop bottles against rocks and a piece of glass flew in his eye. Since that time he has had one eye. That eye can see more than the two eyes of most of us. He's a cattle broker, a drover, a PCV carrier of livestock and has a better eye for buying and selling livestock than most of us have. Yet, medically, he is totally blind in

one eye because he just doesn't have the eye. This is one of the things about which I inquired of my officials when we brought in our legislation. I was assured that type of an individual who had been driving all his life and who had proven his ability to drive safely with one eye would be qualified to drive after this legislation came in.

Mr. Bradley: I think that aspect of it deserves favourable comment.

Hon. Mr. Snow: I'm not suggesting that this is imminent at this moment, but the time may come when professional truck drivers may carry licence insurance the same as professional pilots do at the present time. If you're a professional pilot today, whether you're flying for Air Canada, CP Air, or God only knows who, you carry licence insurance. You may feel being a pilot of an aircraft is a more serious situation than the pilot of a truck or a bus. But, really, you have many lives in your hands either way. But most professional pilots today carry licence insurance just as you carry life insurance. If, for some medical reason you lose your ability to fly then you are able to claim on that insurance policy an income to make up for your loss of income because of your incapacity to act as an airline transport pilot.

Mr. Bradley: One would assume the premiums for that would be extremely high.

Hon. Mr. Snow: I don't think they're that high. I don't know. I have that type of licence but I've never relied on it for a living so I've never inquired about the insurance.

Mr. Bradley: I have a further question for your ministry because you would have more information than I would on this particular aspect. I had a discussion with one person who said, as I stated earlier, that people could come off the highways and get a job driving a truck around town, which I guess doesn't require the same grade of licence as one to drive a truck on the highway.

Hon. Mr. Snow: An A licence for instance, to drive a tractor-trailer on the highway, requires a medical every three years whereas a D licence, to drive a non-articulated vehicle, requires a medical only once.

Mr. Bradley: What is a non-articulated vehicle?

Mr. Gower: It's a straight truck.

Hon. Mr. Snow: A straight truck. It requires a D licence and you only have to have a medical when you obtain that D licence. Then you're free until—

Mr. Gower: Sixty-five.

Hon. Mr. Snow: —sixty-five years of age.

Mr. Gower: Unless you are reported as having a condition. But routinely, not every three years.

Hon. Mr. Snow: So, conceivably, there is a lesser medical requirement for driving a straight truck on a cartage route in Toronto, London or wherever, than there is to drive a tractor-trailer unit, or train unit, on the 401.

Mr. Bradley: Do they use trailer units or train units extensively just to transport goods within a city?

Hon. Mr. Snow: No.

Mr. Bradley: That's not used very often, so it's not a practical alternative to allow a person to drive that kind of vehicle within a city.

Hon. Mr. Snow: A person who drives a train unit for Smith Transport or whoever, and who for some reason or other has a medical problem would still be able to drive on a D licence provided they can meet the requirements of the D licence. Is that right, Mr. Gower?

Mr. Gower: That's right, sir.

Mr. Bradley: I would assume that your ministry will continue to look at this and possible ways of compensating for it.

Hon. Mr. Snow: The same applies to pilots. If they have an airline transport licence and eyesight or some medical reason demotes them from an airline transport licence to a private licence, they can still fly privately. Unfortunately, they can't make any money that way.

Mr. Bradley: Would I be able to get a commitment from you that your ministry will review this and perhaps entertain representations from representatives of the Teamsters union or any other union that might represent drivers? Just review it. I'm not looking for you to state right away you're going to change it, only review it.

Mr. Gilbert: Certainly, Mr. Minister, we have representations from the Teamsters union ever so often. When this was introduced, the Teamsters met with us.

Mr. Gower: We met with them on several occasions. In fact, it was organization such as the Teamsters and the presentatives of the owners who raised the same issue to which the minister referred and that was the physical deficiency; one eye or the loss of a limb.

Mr. Gilbert: But it still goes back to the medical profession. The one thing we have to keep in mind, and certainly we do not want to deprive anyone of their livelihood, as you said, is the safety of the individual himself as well as the public.

Hon. Mr. Snow: It's just like the school bus operators and the school bus driver's licence. Every week or two I get a letter from a school bus driver, or a member representing a school bus driver, who has had a heart attack and, because of that medical situation, has had his school bus driver's licence lifted but who wishes to go back to driving a bus. I'm not a doctor. I can't assess this. But unless I can get a very clear and positive statement from the medical review committee which has reviewed all the evidence that this man or woman, whatever the problem may have been, is now perfectly safe to drive that school bus, I am not going to reissue a licence for that man or woman to drive a school bus with 50 or 60 children in the back. It may seem a little harsh to take away the livelihood of that person, who may be a senior citizen who is increasing his or her standard of living by driving a school bus part time. But I'm not going to take that risk or responsibility unless I can get the report from the medical review committee.

Mr. Bradley: I understand and recognize that your motivation in this is the safety of the passenger and of the driver himself. Since you constantly review these regulations, I assume you are prepared at least to listen to further representations from the Teamsters union, and would be prepared to review it with the possibility of looking at some other avenues on it.

Hon. Mr. Snow: We are prepared to discuss the situation with them at any time.

Mr. Bradley: A further thing on the licensing: I don't know what kind of licence is required but I was told by volunteer firemen that it seemed unrealistic—now obviously it's from their point of view—that they would all have to have the necessary licence to drive a fire truck. When volunteer firemen arrive, it's usually the first person there who drives the truck.

Hon. Mr. Snow: No, not necessarily. Most volunteer fire departments have a certain number of members designated as drivers. If there are 30 members of a volunteer fire department, 10 may be delegated drivers.

Mr. Bradley: Then I assume you intend to stick to the regulations that they have the proper licence to drive that kind of truck.

Hon. Mr. Snow: Yes, but we also take into consideration that the volunteer fire department—in most cases anyway, all that I am familiar with—requires an annual medical for its members. They don't want someone who has a chronic heart condition being a volun-

teer fireman, getting excited at a fire and having a heart attack. So, to be a volunteer fireman you have to pass an annual medical examination, which the municipality usually pays for. We have agreed that that annual medical would serve as the medical for their licence. They wouldn't have to take another.

On that basis, during this phase-in year from February 1, 1977, to January 31, 1978, their fire chief can authorize or can sign the same as an employer can. Is that right?

Mr. Gower: To certify them. Yes.

Hon. Mr. Snow: If a fire chief has a volunteer fire department of 40 men, and 10 of those are delegated drivers, he can certify they've all had their medicals. We will accept their annual fire department medical as the medical for their licence. If their chief signs their blue slip—I have one here some place; probably all of us have signed a number for constituents—certifying they have been driving and are capable of driving this vehicle, then they are issued with their D licences.

Mr. Bradley: And it is a D licence that's required now to drive those vehicles?

Hon. Mr. Snow: Unless it's an articulated unit and that's very rare.

Mr. Bradley: I don't think there are any left in Ontario.

Hon. Mr. Snow: I don't think there are any articulated units left in the volunteer fire department areas.

Mr. Gower: In an ongoing program, some of the volunteer fire departments have banded together and, on a regional basis, established a training program which will allow them to certify drivers newly coming in to the program.

Mr. Bradley: Thank you.

Hon. Mr. Snow: We are trying not to duplicate this medical requirement.

Mr. Bradley: I think that's reasonable.

Hon. Mr. Snow: We have accepted the fact that if people—and we've run into this with school bus drivers, with volunteer firemen, with truck drivers who are also pilots—take an annual medical as they must for a private pilot's licence, for instance, and submit a certificate that they have passed that medical, then they aren't required to have another medical for their truck driver's licence. It would be rather overdoing it or—

Mr. Bradley: Redundant at least.

Hon. Mr. Snow: —redundant as you say, to pass a medical for a private or commercial pilot's licence, which is a much higher requirement perhaps than for a D-licensed truck

driver. You have to take another medical. We are trying to be reasonable in this.

[8:30]

Mr. Bradley: Thank you for those answers. I have one other question I won't pursue right now. I'll see if I can pursue it maybe in a later vote.

The regulations governing what ambulances can and can't do under the Highway Traffic Act—does that come under your ministry or under the Solicitor General? For instance, I understand they can't make illegal left turns as, I think, a police car can.

Mr. Gilbert: As far as the driver driving that vehicle is concerned, he would come under the Highway Traffic Act. There could be a special requirement under the Ministry of Health which outlines other requirements. I am not aware of any.

Mr. Humphries: There is the Ambulance Act.

Mr. Gilbert: Oh, I see.

Hon. Mr. Snow: I'm sure you, as well as I, have observed ambulance drivers going up and down University Avenue. They are required to use safe practices and obey the Highway Traffic Act. On the other hand, if they're coming up University Avenue and they're sounding their siren or their beep-beeper, with their lights flashing and they come to a stop or close to a stop, at an intersection, and the other traffic, the other direction, is observing them and has stopped and the ambulance goes through, whether or not they are disobeying the laws, I think it's somewhat of a common practice, providing they stop and wait until the way is clear and then proceed.

Mr. Bradley: It came up when a municipality was in a situation where they were going to make a certain regulation on a certain street and the city solicitor for that municipality said, "Well, you can't do it, because if you banned left-hand turns here, ambulances can't turn left."

Hon. Mr. Snow: Into the hospital, probably.

Mr. Bradley: It was near a hospital at least. One of the aldermen was questioning this to determine whether it was true. I won't pursue it now because you probably have other issues you want to pursue. Maybe I can get an answer a little later on privately from you.

Hon. Mr. Snow: Mr. Humphries will get you an answer on that.

Mr. Bradley: Thanks.

Mr. Warner: I have just a couple of points to pursue on this subject. I just want to make sure I've got it straight about people who

have diabetes or other persons who must surrender their licence because of some illness. Are operators of streetcars exempted from that by way of the Railway Act? Do they come under the federal Railway Act?

Hon. Mr. Snow: I can't answer that. I would doubt it. If they are, they shouldn't be.

Mr. Gower: They're not licensed by us.

Hon. Mr. Snow: Apparently there's no requirement for a licence for a streetcar operator by our ministry. It's not considered a motor vehicle. I wouldn't suggest someone who cannot pass a medical or cannot pass an examination to drive a bus should be driving a streetcar. I think you brought up a very good point. If it's legal now, it shouldn't be, as far as I'm concerned.

Mr. Warner: Well, in the operation of the streetcars you have a different kind of situation.

Hon. Mr. Snow: Not really.

Mr. Warner: I would submit you have. The operation involves what's called the dead-man pedal in order to operate the vehicle. The vehicle only moves forward when the pedal is in a middle position. If the pedal either goes to the floor or is released totally, the vehicle automatically brakes. It's a safety device, instituted back in the 1920s, if I'm not mistaken.

Hon. Mr. Snow: That reminds me of a story I heard the other night of some politician who was driving the first subway train up the Yonge Street subway. He decided to step back and let the operator take over, and forgot there was a dead-man control. Immediately everything seized. They flattened every wheel on the subway train and the inaugural run carried on going clickety-clickety-clickety up the track with all these flat wheels.

But the Act says a motor vehicle "includes an automobile, motorcycle, motor-assisted bicycle, unless otherwise indicated in this Act, and other vehicle propelled or driven otherwise than by muscular power, but does not include the cars of electric or steam railways, or other motor vehicles running only upon rails, or a motorized snow vehicle, traction engine"—we had a discussion this afternoon about traction engines—"farm tractor, self-propelled implements of husbandry or road building machine within the meaning of the Act."

I'd have to say, reading that clause, that a streetcar does not fall under the Highway Traffic Act.

I can find out for you what the requirements are under federal legislation if you drive that type of vehicle.

Mr. Warner: I have constituents who are operators of streetcars, so I wanted to clear up that matter.

What assurance do we have that when a person's commercial vehicle operator's licence has been removed, that information is not passed along to the insurance companies with respect to the private licence he might hold for the operation of his own automobile, thereby possibly affecting the insurance rates?

Hon. Mr. Snow: We don't issue provincial licences and private licences.

Mr. Warner: When a person has had his licence removed by reason of health so he can no longer drive a transport truck, I assume that person is still able to operate his own car.

Hon. Mr. Snow: He could be under certain circumstances.

Mr. Warner: Okay. What I want to know is what assurance do we have the information about the removal of his licence to drive a truck is not going to be passed along to the insurance company so that it may adversely affect his personal rates for his own automobile.

Hon. Mr. Snow: Before I ask Mr. Humphries to comment on this, I can assure you that the medical records relating to our classified driver's system are totally confidential.

Mr. Wildman: What about the RCMP?

Hon. Mr. Snow: Although it's always been the policy of the ministry that the medical records are totally confidential—I specifically introduced an amendment to the Highway Traffic Act earlier this year that would clarify that.

Our records of driver convictions, of points lost, are available. Those are criminal records or records of the court which are on our files and are available to employers. If I were the owner of Smith Transport and I was considering hiring Mr. Warner from Scarborough to drive my truck—

Mr. Warner: You'd do it.

Hon. Mr. Snow: —a \$100,000 rig, I think I should be able to find out, before I hire you, what your driving record is. If you have had numerous convictions for speeding, improper left-hand turns, impaired driving or whatever over the past three years, I think I should know this before I consider hiring you.

Mr. Warner: That wasn't my question.

Hon. Mr. Snow: I realize that. Your question was—

Mr. Warner: The reverse situation.

Hon. Mr. Snow: Your question was whether the medical records that would prevent you from driving under a class A licence would show up on your record of a class G licence.

Mr. Humphries, maybe you can answer that.

Mr. Humphries: You might assume that since he's lost his licence to drive a truck, it's a licence suspension or cancellation situation. All that happens is the class of licence is changed. There's nothing on the file to show his licence has been taken away. All it is, is a change of classification.

Mr. Warner: I'm not sure whether you're saying the information is available to the insurance companies but they can't decipher it in such a way as to determine that the person has actually had his licence removed for health reasons or whether it's held confidential. I'm not sure which. You could construe it in either way.

Mr. Gower: The type of document the insurers would receive and the only one they would receive is the type of document the minister referred to which lists convictions. When they request an abstract of the driving record, the insurer must provide name, address and driver's licence number. That is part of the identity of the form and part of the identity of the driver. Along with that, when it is returned it shows again the name of the driver, licence number, and the class of licence he holds. He previously may have held an A, B or C licence and he now holds a G. At this time, that document says, "John Doe; this licence number; G licence holder." It would have no reference historically to what he may have had or what he may have in the future. At that point he holds a G licence or he holds an A, whatever it may be.

Mr. Warner: I'm not sure if the minister appreciates my concern or not—

Hon. Mr. Snow: I do.

Mr. Warner: —but it's bad enough when a person who perhaps has been driving all his life develops a health condition whereby they no longer can be employed to drive for a living, but then to suffer a form of double jeopardy by not being able to operate the family—

Hon. Mr. Snow: In all due respect, Mr. Warner, I think Mr. Gower answered that very explicitly. He said the fact his licence had been changed from an A to a G would not show on his record. It would only show he held a G licence.

Mr. Warner: That's good. I accept what you mention about an employer wanting to know the driving record; that's probably fair enough.

Hon. Mr. Snow: It could be argued as to whether this is an infringement on privacy or not, but as far as we are concerned the records we keep on our files are only the records of the court.

Mr. Warner: I would be concerned about the insurance company receiving the commercial driving record of a person so they might apply that against the private automobile the person has.

Hon. Mr. Snow: The record would be of the driver's record. If he was convicted of speeding with a truck or a bus, that would be a speeding conviction on his record, and would not indicate whether that speeding conviction was with a Gray Coach bus or his Volkswagen on the way home from work.

Mr. Warner: I would submit that is not entirely fair. That should be changed. There may be a very good reason why the person picked up that speeding ticket while in the employ of a company because of the schedules that were set or because of the deadlines.

Hon. Mr. Snow: There are no schedules being set that authorize or require a person to break the law.

Mr. Warner: Well, I submit you may have discovered that situation when you lowered the speed limits. The routes were constructed in accordance with the 60 mile an hour limit.

Hon. Mr. Snow: No, no, no.

Mr. Warner: You lowered them to 50.

Hon. Mr. Snow: When we lowered the speed limit, we gave appropriate warning and had consultation with the motor coach association. As you recall, we lowered the speed limit effective January 1, 1976, I believe, and we implemented enforcement on March 1. I'm sorry, I may be corrected on those dates, but in any case we co-ordinated this with the motor coach association to allow them to revise their schedules, to take into consideration the changed speed limit.

Mr. Warner: Just in conclusion, I would ask you to review that portion. I submit there isn't necessarily a direct connection between the person's commercial driving record and his personal driving record, because of the fact you have two entirely

different kinds of vehicles and probably two entirely different kinds of driving conditions. [8:45]

Hon. Mr. Snow: Not necessarily. I could argue that point with you for some hours, Mr. Warner, because it's my personal opinion if a man or woman has a bad private driving record, if privately I drive my automobile poorly—

Mr. Haggerty: You should be off the road.

Hon. Mr. Snow: —and I have speeding tickets, tickets for improper left-hand turns, all sorts of things like this and I apply for a commercial licence to drive a bus, you can't tell me that my private driving record is not going to flow over into my driving habits in driving a Gray Coach bus.

Mr. Gilbert: I think, too, Mr. Chairman, you must consider if he has an A licence it allows him to drive anything, from a G all the way down the line.

Hon. Mr. Snow: Except an M. You have to have an M like I do to drive a motorcycle.

Mr. Gilbert: Quite frankly, if he was convicted for speeding you would have to go back to the police and find out what kind of a vehicle he was driving and bring that forward. From a practical administrative point of view, this creates real problems.

Mr. Warner: I understand. I'm just saying that because the Voyageur driver picked up a speeding ticket because he had to make it from Ottawa to Toronto in five and a half hours, doesn't necessarily mean that same driver is going to pick up a speeding ticket when he gets into his own private automobile because that's under his direct control. The former is under the direction of the company. That's my point. I don't like to see the one record suffer for the other.

Mr. Ruston: They never give a bus driver or a truck driver a speeding ticket.

Mr. Warner: Well, that's a moot point, yes.

Hon. Mr. Snow: If a Voyageur bus driver brings to my attention that he is being disciplined by his company for not meeting the Toronto to Ottawa schedule, which he can't meet without exceeding the speed limit, I would be the first one in touch with that fellow in Montreal who runs Voyageur.

Mr. Warner: I will certainly defer to that sound commitment.

Mr. Chairman: Mr. Wildman, Mr. Epp, Mr. Mackenzie and Mr. Bounsall are on my list in that order.

Mr. Philip, you had a brief supplementary on Mr. Warner's point.

Mr. Philip: My brief supplementary on Mr. Warner's point is that, as I understand the process, if you lose your licence or if the judge tells you you can no longer drive because of drunken driving or some other major offence, under the present system simply filing an appeal will give you back that licence. You're not likely to come up in court again for roughly a year, so there is a time lag in which the person who has actually been found guilty, pending an appeal as far down the line as a year from now, is now on the road.

Do you see that as a serious problem? Is there any way you see of overcoming it if it is a serious problem? How many people would be involved in cases like this?

Hon. Mr. Snow: There was a problem. A person could be convicted of impaired driving for instance. He could apply for a leave to appeal or apply for an appeal on the conviction. Because of our notification from the courts of a conviction, we would start the suspension and, providing he can make that appeal last 90 days, the suspension would run out. He would abandon the appeal. That loophole has now been plugged in the amendments we made to the legislation earlier this year.

Sorry, I haven't got my QC here. I'll have to get some advice here.

Mr. Gower: They must file the appeal with the registrar in order to stay the suspension and that device will merely defer the suspension if the conviction is sustained.

Hon. Mr. Snow: Right. If they win the appeal they're okay. If they lose the appeal the conviction starts from then. They cannot get away under our present legislation, which we amended earlier in this session.

Mr. Gower: They can merely defer it. They cannot escape it.

Hon. Mr. Snow: They can defer it, yes.

Mr. Philip: But they can be on the road for quite a period of time during that period?

Mr. Gower: That's possible, but under the law as it now stands, when they accept an appeal it's questioning the validity of that conviction.

Mr. Philip: Can you give us any idea how many people would annually be involved under such deferral?

Mr. Gower: I don't think a significant number. In the majority of cases of impaired driving—failing to blow a breathalyzer, or over .08—most are pleading guilty. They have to have very good grounds to appeal and, although it's a regular process it's not a significant number.

Hon. Mr. Snow: But there are a number, I assure you. Earlier this afternoon I read a three-page letter from an individual who blew .15, which is almost double .08. He had a three-page explanation as to why he shouldn't be convicted.

Mr. Philip: I've had them in my riding office.

Mr. Wildman: The higher the score, the more he got.

Hon. Mr. Snow: In accordance with our legislation, and regardless of how many MPPs write me letters pleading on behalf of individuals—

Mr. Philip: I never do it any more.

Mr. Wildman: I don't do it any more.

Hon. Mr. Snow: No? Well some of you still do.

Mr. Philip: I just file for an appeal. I get them deferred indefinitely.

Hon. Mr. Snow: Never a week goes by that I don't get a letter from an MPP saying this poor individual should not have his licence lifted. I have no jurisdiction under the law, I shouldn't have, and I wouldn't want to have.

Mr. Chairman: Mr. Wildman.

Mr. Wildman: Thank you, Mr. Chairman.

Hon. Mr. Snow: Nobody in Algoma drinks.

Mr. Wildman: I've never written a letter like that. I have too many to write about bumps in roads.

Hon. Mr. Snow: You have the best roads. That's in the next vote.

Mr. Wildman: I know, it's in the next vote.

I want to ask a question now that relates to safety and design. What input do the people in your ministry concerned with safety have on the design of a provincial road?

Hon. Mr. Snow: Mr. Gilbert, will you comment on that?

Mr. Gilbert: Bob Humphries is now the chairman of the committee that looks into safety. People involved in design are working with our safety people all the time. It's a continual process. If there are any recommendations to improve the safety design then that's done. We can talk about that more in the design vote if you like. I can assure you that the ministry works together on this.

Mr. Wildman: Okay. The follow-up is: Are you satisfied that in the areas—especially northern Ontario, but in other parts of the province—

Hon. Mr. Snow: I'm glad you recognized there are other places in Ontario besides the north.

Mr. Wildman: It's a big area, it's 80 per cent of the province. But, you've been constructing passing lanes. In my area we're happy to have them. They've speeded traffic, and it's been very good, especially with the heavy summer traffic. But many have been constructed so there is no shoulder left. That means there is no place to park. Let's say somebody has a flat and has to change the tire. There is really nowhere to park, except in the outside lane by the passing lane. There is just no shoulder left. Is that really considered a safe situation?

Mr. Gilbert: When you say "no shoulder," certainly the shoulder is reduced—

Mr. Wildman: It's about two to four feet in width now.

Mr. Gilbert: I think you have to keep in mind that that certainly is a climbing lane. It's the slow—

Mr. Wildman: It's not always on hills, sometimes it's on curves.

Mr. Gilbert: That's true.

Hon. Mr. Snow: It is a short distance, perhaps one mile in 10.

Mr. Wildman: I understand that. But I am talking in terms of emergencies. I am not interested in people who stop to look at the trees or something.

Hon. Mr. Snow: That is, shall we call it, an experiment we run into on Highway 69 north, where we have built 30 miles of paved shoulders.

Mr. Wildman: You have to put up signs telling the people not to drive on the shoulder.

Hon. Mr. Snow: No, we say: "You may drive on the paved shoulder to allow passing traffic."

Mr. Wildman: For a truck or somebody who wants to.

Hon. Mr. Snow: Other provinces—New Brunswick and in western Canada—have for some years had paved shoulders for this purpose. This is the first major experiment we have had. We have had paved shoulders before, but on other highways where we have paved shoulders we say, "You must not drive on the paved shoulders."

Mr. Wildman: For instance, Highway 401 and the Queen Elizabeth Way.

Hon. Mr. Snow: On Highway 69, for a cost of about \$3 million as I recall, we paved the shoulders for 30 miles; we surfaced the whole highway at a very small fraction of the cost of four-laning that 30 miles of highway. We made a great improvement to the capacity of that section. There is still a problem; the hon.

member for Sudbury East (Mr. Martel) wrote to me some time ago that a tractor-trailer had had to stop on that paved shoulder, presumably because of mechanical difficulties. We have to say if you drive on that paved shoulder you should drive cautiously because it's possible there could be a vehicle on the shoulder.

Mr. Wildman: I'm talking about areas especially in my riding where there are quite a few of them now.

Hon. Mr. Snow: Yes, I personally have driven through your riding and I must say the passing lanes and truck climbing lanes along Highway 17 from Sudbury to Sault Ste. Marie have greatly improved the capacity of that highway.

Mr. Wildman: That's what I said at the beginning.

Hon. Mr. Snow: Naturally, I would like to have four-lane highway from Kanata to—

Mr. Wildman: Kenora.

Hon. Mr. Snow: —the Manitoba border, but we just haven't got that kind of money at this moment, so we do what we can.

Mr. Wildman: Right. I'm not here trying to discuss design or the need for a four-lane highway. All I'm trying to talk about is safety under this vote. I'm not talking about paved shoulders, where to drive you're basically at your own risk or should drive with care. I'm talking about three-lane portions of a two-lane highway.

Hon. Mr. Snow: Some places are four-lane.

Mr. Wildman: Yes, you're right.

Hon. Mr. Snow: I've criticized my own staff in these sections saying if you're going to build a four-lane section—

Mr. Wildman: It should be divided.

Hon. Mr. Snow: —let's divide the damn thing and be done with it.

Mr. Wildman: I've got a few of those too.

Hon. Mr. Snow: That's where I run into trouble trying to be engineer to the engineers.

Mr. Wildman: On a three-lane portion of a two-lane highway slower vehicles would normally be driving on that outside lane. If somebody runs into mechanical trouble or something and has to stop, there just isn't room to pull off the paved portion of the highway, is there really?

Hon. Mr. Snow: In most cases there is not

Mr. Bounsall: In other words why don't you build a shoulder?

Mr. Wildman: It would be more expensive, obviously.

I'm just wondering, are you satisfied that it is safe now the way it is?

Mr. Gilbert: To answer that, Mr. Wildman, quite frankly as the minister said, we got into this passing lane program, and we got into climbing lanes to try and improve the capacity of these highways. We also knew that in many areas we would have been involved in tremendous expenditures, particularly in rock areas.

Mr. Wildman: Especially on Highway 17 north, where you would have had to move the rock wall.

Mr. Gilbert: That's right. We have done the same in widening the shoulders. We realize it's not the best, but we have attempted to improve the capacity until such time as we can get into completing four-laning. This has worked reasonably well—in fact I would say very well. We've had a lot of very good comments. We know there are these shortcomings you're talking about just as we know there are shortcomings with the paved shoulders. But I think if we go to full-width shoulders or what have you and get involved in tremendous rock cuts, we just would not be able to improve as we have in going the way we are.

[9:00]

You mentioned you did not want to get into design. Mr. Wilkes, who is the head of design, is here. He can comment on it in more detail if you would like, Mr. Chairman. Otherwise we will wait until we come to that vote.

Mr. Chairman: I think, perhaps, Mr. Wildman, if we're getting into road design—

Mr. Wildman: No, I didn't intend to.

Mr. Chairman: —it would be in another vote. If we're talking about safety, certainly it's in this vote.

Hon. Mr. Snow: It's hard to decide which is which, Mr. Chairman.

Mr. Chairman: Yes, it is.

Mr. Wildman: The two of them are related, obviously.

Mr. Chairman: The two of them are related, that's right.

Mr. Wildman: I have one other question with regard to safety. I wrote a letter to the minister in January regarding ambulances and their exemption from the speed limit—it was brought up earlier this evening. I was informed at that time, in a reply by the minister, that ambulances are required to follow the speed limit because they could constitute a hazard to other vehicles on the roads if they didn't, especially if the other people weren't as alert as they might be and didn't see the ambulance warning lights or hear the siren.

I was told afterwards by ambulance attendants and ambulance drivers they didn't want to be exempted from the rules of the road because they could see problems that might lead to the abuse of that exemption and so on. But they thought that at certain times it should be considered acceptable for them to use their discretion in terms of the safety of the particular road situation, the weather conditions and the seriousness of their patient's condition.

Is that really the practice? Maybe I should be raising this with the Solicitor General (Mr. MacBeth), I don't know. Is it really the practice of the people who enforce the Highway Traffic Act and the Ambulance Act to use their discretion as to how an ambulance driver should drive? In my area, quite often you're not transporting people just 20 or 40 miles, you're travelling maybe 200 miles to get a person to a hospital. Sometimes that's kind of difficult.

Hon. Mr. Snow: It's my understanding there is no specific provision for the exemption of an ambulance or a fire apparatus from the provisions of the Highway Traffic Act. In the enforcement of this Act, and I'm speaking personally now, all situations have to be dealt with on particular circumstances. There are cases of a severe emergency where OPP, regional or municipal police are called upon to give police escort to vehicles. I've seen police escort ambulances between my own municipality of Oakville and the Sick Children's Hospital here in Toronto.

I think there has to be, in the enforcement of this law, some common sense consideration in the circumstances with which one is dealing. But officially, as far as the Highway Traffic Act is concerned, there are no exemptions for them.

Mr. Wildman: You finished your letter by saying that exemptions—

Hon. Mr. Snow: I don't remember that letter but I hope it said the same thing I just said now.

Mr. Wildman: Yes, it did. You finished it by saying the question of exempting them from speed limits is under continuous review by the Ministry of Health and any exemption would be considered on the basis of their recommendation. Have you had contact with the Ministry of Health about that?

Hon. Mr. Snow: I don't recall any recent communication.

Mr. Gilbert: There has been no recent communication.

Hon. Mr. Snow: This goes back, I believe, to the early days of my years in this House, when my former colleague, the Hon. Matthew Dymond, was the Minister of Health. This whole thing was brought up and clarified at that time, and ambulances, fire apparatus and so forth were not exempt.

Mr. Haggerty: There was a good reason for that. You could have emergency equipment coming from all directions and, if you didn't have some rules, they'd all meet at one intersection and there could be loss of life.

Hon. Mr. Snow: You'd need a lot of doctors too. What we see happening here in Metro Toronto is many ambulances using University Avenue, because of the hospitals. Just the other morning, I saw an ambulance come to an intersection. The light was red and because of his flashing lights and siren the other vehicles had stopped. When he saw it was clear, he went through. Now perhaps that was illegal, I don't know, but under the circumstances I would say he did the right thing.

Mr. Epp: I have just one question.

Mr. Kennedy: Do you need a microphone, Mr. Epp?

Mr. Epp: Thank you very much, Mr. Kennedy.

Mr. Kennedy: Let it be in Hansard that I was here.

Mr. Epp: You can leave now, Mr. Kennedy.

Hon. Mr. Snow: Noted that Mr. Kennedy handed Mr. Epp the microphone.

Mr. Chairman: Your generosity is noted, Mr. Kennedy.

Mr. Epp: He used to be generous but he didn't even pick up the dinner tab tonight, so I don't know.

Anyway, Mr. Minister, earlier reference was made to records, and you indicated you introduced an amendment passed earlier this year with respect to the confidentiality of those records. You also indicated there was a policy in the ministry that these records weren't to be given out. I don't want to belabour this point, but I was wondering why you thought that amendment necessary, whether the policy had been violated within the ministry.

Hon. Mr. Snow: No, there'd been no violation, Mr. Epp. This came up last year during the debate of some amendments I'd brought into the Act. I can't recall the specific amendments at this time. We have had medical records for school bus drivers for some years, for instance. We have not re-

quired medical records for truck drivers until the new classified drivers licence came in.

When we brought in—I guess it was last spring—the amendments to the Act—

Mr. Gilbert: I think that was last spring.

Hon. Mr. Snow: Last spring we brought in amendments to the Act requiring medical reports for truck drivers. The question of confidentiality of these records was brought up at that time. I stated that the records we had for school bus drivers, for instance, had always been strictly confidential.

Because of concerns raised by members of the opposition parties, concerning this confidentiality, I unequivocally said I was prepared to bring in an amendment the next time we were amending the Act to set out in the Act that these records would be solely for the use of the registrar as they relate to our own Acts. That was last spring. I think it was in July—was the amendment in July or earlier?

Mr. Humphries: Bill 85, early this fall.

Hon. Mr. Snow: Early this fall, when I brought in the amendments to the Act, one of the amendments implemented that commitment. There was no reason to believe there were any infractions of confidentiality. It was a commitment I made to the House that I would put it in legislation, rather than a policy of the ministry.

Mr. Epp: Thank you.

Hon. Mr. Snow: The RCMP, as far as I know, have not got any of our records. They are not entitled to keep them.

Mr. Mackenzie: Concerning drivers' licences and licence insurance: Have you ever considered that if the government gets into insurance, the captive market you would have for selling licence insurance might solve some of your money problems?

Hon. Mr. Snow: I'm afraid your philosophy on that and mine would be somewhat different.

Mr. Mackenzie: I notice there is much to be made though and that has always interested you people, as near as I can see.

Hon. Mr. Snow: Yes. I have never been against making an honest dollar or two or three.

Mr. Mackenzie: I want to touch on one thing before I put forward a few questions. That deals with what was being discussed when I came in, the question of giving an epileptic a licence. I would like to give you a specific example and see what the ministry's feelings are.

A driver in my town who has been driving for some 24 or 25 years on the highway, was

recently diagnosed as having epilepsy. From what we are able to find out, he has had it for a good many years. The reactions occasionally differ and his have been memory lapses, nothing else. He is in perfect control of himself except he will go two or three minutes and won't be able to tell somebody what was going on during those two or three minutes. He went through the procedures of having his licence checked and dusted and it took a fairly long time to go through all the processes, but he has his licence; it has not been taken from him. He also has fairly strong medical evidence that he can continue driving.

The problem he has at this point is that the transport company he is with says, "No way," and they now have him on the dock loading, a thoroughly miserable job, at a lesser rate of pay.

Hon. Mr. Snow: He would have more regular hours.

Mr. Mackenzie: As a matter of fact he is unloading in the late afternoon and evening, which is not very satisfactory.

What I am really wondering is why he still has the licence and why should he be penalized. I don't want to be very free with a person with epilepsy, but what would be the ministry's response to a situation like that?

Hon. Mr. Snow: If the medical review committee of my ministry, on assessing the evidence submitted, recommended the continuation of an A level licence to that individual, I would issue that licence to the individual based on the advice of the medical review committee. But had the medical review committee recommended that man or woman should not have a licence to drive under any circumstances, then there is no way you or anyone else is going to convince me to issue that licence.

Mr. Mackenzie: No. The whole point I am making is that he has the licence; it has not been removed.

Hon. Mr. Snow: I realize that. I understand what you are saying. Apparently, my medical review committee—

Mr. Mackenzie: Totally, I gather.

Hon. Mr. Snow: —has approved the continuance of the licence to that individual.

Mr. Mackenzie: That's right. I also know that not only his own doctor but also the company doctor has said it is okay.

Hon. Mr. Snow: The decision by his company, maybe with the advice of the insurers, to deal with that individual differently is, I'm afraid, outside my jurisdiction.

Mr. Mackenzie: What really started me wondering about it and the reason I wanted to

raise it is the fact I know both the family doctor and the company doctor have agreed. I know he has his licence, whatever he has gone through. You have agreed that he keep it. And yet he is being penalized and I am now arguing whether he should be.

Hon. Mr. Snow: Under that type of circumstance I would expect—

Mr. Mackenzie: Very frankly they are going through a long grievance with the union now.

Hon. Mr. Snow: When we come to that I would expect if he were working for a unionized shop his union would take his grievance forward under the union agreement.

Mr. Mackenzie: In this case the Teamsters have raised some questions about it and have indicated to me that they don't have much luck or authority in cases like this. I am just wondering why he apparently got such a clean bill of health and whether or not your attitude is as you have expressed it, and I am not arguing with it, that you just are not going to get involved, even though you have given the clearance.

[9:15]

Mr. Gilbert: I think, companies have certain company rules concerning drivers and what they should do under certain circumstances. With my limited knowledge, having listened to it, I'm sure that's likely what he is running into.

Mr. Mackenzie: Quite frankly, what he is running into is Smith Transport's company policy that says: "No way."

Hon. Mr. Snow: One thing in our legislation says a company cannot establish a higher medical requirement than what the minister requires.

Mr. Mackenzie: He has that licence to drive, and that's his living and he's been very good at it for 24 years. At what point does he have a grievance within the system? Is that a human rights deal? What the heck is it? Is that an employment standards issue? Is it a ministry deal? It seems to me there's some injustice here if he's been able to keep it at that point.

Hon. Mr. Snow: I don't believe it's a ministry issue as far as we're concerned, if we have accepted the medical evidence presented, and our medical review committee have reviewed it and we have continued his licence.

Mr. Mackenzie: That's the whole point I'm making now.

Hon. Mr. Snow: We have continued his licence to drive. If his company has estab-

lished a higher level of medical competence or medical level, then I don't think we have any jurisdiction to overrule that. It would be a matter of the agreements between his union and his company. Or it might involve, I can't say for sure, the Ministry of Labour.

Mr. Mackenzie: Contardi tells me there's no question of having a particular higher standard. They just say the only answer they get is this company policy.

I've been trying to figure out in my own mind what the heck if anything to do. There were 52 recommendations made by the select committee on highway safety that deal with safety. What is happening to those particular recommendations?

Hon. Mr. Snow: I don't think it was 52. I think it was 32.

Mr. Mackenzie: It's 52 in total. I'm not sure how many dealt with safety.

Hon. Mr. Snow: I would say, offhand, we're assessing all of the recommendations. We're preparing many of them for legislative action at this time. Probably, this will not appear in this session.

Mr. Mackenzie: Obviously.

Hon. Mr. Snow: It certainly will not be passed. We still have the possibility of introducing some amendments that would be put on the order paper, die, and be considered and reintroduced next spring.

I think the statement I made when the struck committee on highway safety report was tabled was going through every one of the recommendations and sort of giving my instant assessment of it. At least three-quarters of the recommendations I was willing to accept immediately. Not all of them will require legislative action.

Mr. Mackenzie: Some of them also will require, I think, very little or nothing in the way of expenditure of funds.

Hon. Mr. Snow: Many of them require action by other levels of government, for instance, reflectors on the sides of the railway cars. I have no jurisdiction over that. All I can do is pass that recommendation on to the federal minister.

Mr. Mackenzie: Consider that recommendation specifically, Mr. Minister. Has that been passed on to the federal minister?

Hon. Mr. Snow: The select committee report has been forwarded to the federal minister and to every provincial minister responsible. It's not always the same minister in different provinces, but the minister responsible for motor vehicle administration; in some cases, the Solicitor General, the Minister of Municipal Affairs, the Provincial Secretary,

or Transportation and Communications, as we have here. That report and those recommendations have been forwarded to every minister of the 10 provinces plus the federal minister.

Mr. Mackenzie: Okay. Pardon me if I'm a little bit naive or wondering about this. You pass a recommendation like that on a committee report. It would seem to me those, at least, can be done easily and have some value. The recommendation for reflectors on the side of the railway cars would be a hell of a lot more effective if that was sent on as: "Hey look, this is one of the specific recommendations we think has some merit." Maybe we can get action on that. If you're going to give them a whole report, it's going to be like so darn many of these reports: we may or may not see some of them—especially if it's not their report, if it's coming from another province—acted on. Would it not make sense to pull out specific recommendations and pass them on.

Hon. Mr. Snow: We will discuss specific recommendations at our next meeting with the federal minister. I don't believe we have had a meeting with Mr. Lang since that report was tabled. But we have submitted the report, and there are certain recommendations such as that particular—

Mr. Philip: If I may have a supplementary, Mr. Chairman: Is it not true that with other select committee reports you develop a ranking system, at least in terms of priority. Wouldn't it be possible to do that with the safety committee, and therefore—

Hon. Mr. Snow: Unfortunately I was out of town the night the report of the select committee on highway safety was debated in the House. My parliamentary assistant gave a response to the select committee in that debate. Because of the tremendous difference in recommendations, one is much easier to deal with than the other. The highway safety report had at least 32 recommendations—it may have been 52. I wouldn't say there is not a ranking there as well.

As I recall, the select committee on transportation of goods had over 300 recommendations, which we as a ministry obviously cannot deal with at one time. We go through them: some are outside our jurisdiction, some are less of a priority than others. We have a full-time task force, headed by Mr. Bruce Alexander, dealing with both these reports and putting the recommendations into legislation that I can introduce in the near future.

Mr. Gilbert: As the minister has mentioned before, there were a number of the recom-

mendations, particularly in the select committee's report on safety, that the ministry had been doing work on. We were waiting for the comments of the select committee before bringing forward any legislation or policy to implement these. Naturally, those recommendations we are proceeding with more quickly than some of the others. But we are certainly moving forward, looking at all these the same way we are in the select committee on the movement of goods.

The other point I would like to make is that, as the minister has mentioned on other occasions, he has continuing dialogue with his colleagues in the other provinces through the CCMVA, the Canadian Conference of Motor Vehicle Administrators. A number of items raised here are going into the process where the provinces, as well as the federal government, are working on similar projects.

Hon. Mr. Snow: I might just mention some of the recommendations of the select committee. When I set up the select committee, I asked it to deal with certain terms of reference while not limiting it to those terms of reference. One of the things discussed in the select committee on highway safety was photos on driver's licences, one was probationary licences, and one was the licensing of driver schools. Those are three that come to my mind.

We've been doing considerable work on those. But I did not want to proceed ahead of the recommendations of the select committee in dealing with those, because I referred those matters to the select committee for advice, and felt I should not be going ahead prior to the recommendations of the committee.

I can tell you right now that I fully intend to bring in legislation to implement photos on driver's licences and probationary driver's licences. The draft regulations we prepared as a ministry, prior to the select committee report, were very close. We had some different ideas to what the select committee came up with. We are working on those to see how we can accommodate the committee's views and our own views.

As I recall the committee did not come down on the registration or the licensing of driver schools. I was somewhat disappointed in the recommendation of the committee which really didn't recommend the licensing or control of driver schools. It made some recommendation pertaining to the Minister of Consumer and Commercial Relations (Mr. Grossman) as to the consumer aspect. I am not happy with that. It is my intention to introduce legislation next spring that would—

Mr. Haggerty: Defensive driving.

Hon. Mr. Snow:—state and would lay out, the program that must be implemented by a driver school. They must have a place of business; they must not be one of these fly-by-night operators who don't have an office or a phone number, or anything. They must give a program of driver education that includes so many hours of classroom training, so many hours of driving. There is no use giving a student so many hours of driving around the known route the inspector is going to take that student. They must take that student out on the expressways. There must be a number of hours of expressway driving; whether it be one, two or five, I don't know at this moment. If you get your driver's licence by driving around a few city blocks, that doesn't prepare you to drive on the Queen Elizabeth Way or Highway 401.

So I want to implement a piece of legislation that will require driver schools to be licensed, will require instructors to meet certain standards, and will prescribe the minimum requirements of the course. All that legislation is in preparation at the present time.

Mr. Philip: Since it was a supplementary I'll follow that up later. Mr. Alexander was a good choice though.

Mr. Mackenzie: Just to set it straight, you are partially right, Mr. Minister. But we did recommend there be standards set and a better course for instructors. Those are in the recommendations which tie into the question of driver schools very effectively. I am pleased to hear about the probationary licence, because I would like to see whether or not that works. But it's coming, along with the photo bit.

Hon. Mr. Snow: It will not be a probationary licence for young drivers only. I can tell you that right now. It will be a probationary licence for all drivers. I don't care whether you are 16 or 60.

Mr. Mackenzie: That was one of the recommendations.

Mr. Bounsall: The report recommended that.

Hon. Mr. Snow: I realize that.

Mr. Mackenzie: There is no difference on that and no argument with you on that. I am glad to see those coming, but the point I am making is how many of the recommendations are coming? Can you give this committee some idea of which ones? Do you have some priority in your own mind of what you are actually working on in the way of legislation and what you obviously aren't going to bring in? I don't think we have seen any of them since

the committee came down. Maybe it is a little early.

Hon. Mr. Snow: As I remember, we got the committee report about the end of October and we are six weeks away from it now.

Mr. Mackenzie: What is your schedule for bringing these in? Will we likely see some of the recommendations in the spring session?

Hon. Mr. Snow: You may see some of them before the end of this session—not passed, but put on the Order Paper for consideration. Certainly you will see many of them at the beginning of the next session.

Mr. Mackenzie: Would you be willing to give this committee some idea of those on which you are likely to be acting in the near future?

Hon. Mr. Snow: I mentioned three already tonight—photos on driver's licences, probationary licences and driver schools. There are others I'm sure and not all of them require legislation.

Mr. Mackenzie: What about a road safety co-ordinator? What is your response to that particular recommendation, which was 10(1), that the government of Ontario should appoint a road safety co-ordinator.

Hon. Mr. Snow: That has already been done.

Mr. Mackenzie: That has been done?

Hon. Mr. Snow: There is or will be a co-ordinator reporting directly to my deputy minister. It has been approved by cabinet that the Ministry of Transportation and Communications representative on multi-ministry committees dealing with these matters will be the chairman of the committee.

Mr. Mackenzie: So whether or not you were planning that previously doesn't matter. You are going to act on that one?

Hon. Mr. Snow: That's right.

[9:30]

Mr. Gilbert: Mr. Lane's report outlines the action that was being taken. In this report it was stated that the minister had already agreed and acted on that particular item. In fact, the report was broken down on the same basis as the select committee report. Certainly we could get you a copy of it.

Mr. Mackenzie: I would be very pleased to have that.

Hon. Mr. Snow: This was Mr. Lane's statement in the House on November 3. I had intended to make this statement myself, but I was out of town that afternoon.

Mr. Mackenzie: What about 10(2): "The government of Ontario should assign respon-

sibility for developing a provincial crash rescue program to the road safety co-ordinator"? Is that under way?

Hon. Mr. Snow: I don't believe we have acted on that yet.

Mr. Mackenzie: What about: "The government of Ontario should press for the creation of a federal-provincial body that would suggest priorities for federal road safety research, and co-ordinate all road safety research activities of governments in Canada"?

Hon. Mr. Snow: I believe that has already been done through the CCMTA, which is made up of the 10 provinces in conjunction with the federal ministry and Dr. Campbell. We had our annual conference in Toronto this year, on September 7, 8 and 9, I believe. We had the federal research program—all 10 ministers responsible for motor vehicle administration are in on that. The association is made up of senior officials. This past year Mr. Humphries, my assistant deputy minister, has been president of the CCMTA. Next year our meeting is to be in Quebec City, I think. Who is the president next year?

Mr. Humphries: Mr. Harris from Halifax, Nova Scotia.

Hon. Mr. Snow: For the first time, and mainly as a result of some painful process on my own behalf, we brought the federal government in as a full partner. They were only an associate member of the CCMTA before, but now Mr. Lang and his senior officials attend as full members. Mr. Lang attended one day of our three-day meeting here in Toronto.

Mr. Mackenzie: Could I ask you about recommendation 8(6), pressing the federal government for early introduction of national regulations for the transportation and labeling of hazardous loads? It was one of the areas where we had a few horror stories told to us in the course of the committee hearings. The recommendation also was that if national regulations are not forthcoming within 12 months, the government of Ontario should act on its own. Have we considered that? Have we pushed the federal government? Is there any move in that particular field?

Hon. Mr. Snow: That has been on our agenda with the federal minister at the last several meetings. The federal Minister of Transport is preparing regulations on the transportation of hazardous goods by road, rail, air and sea. He has to implement legislation at the federal level. I have seen the rail regulations; and they are a book about that thick. I have not yet seen those for road transportation.

About a month ago, in amendments to the Highway Traffic Act, I implemented a paragraph or clause or section that would allow me by order in council to adopt the federal regulation on transportation of hazardous goods as the provincial regulation. We feel this is the way it should be done. We should have a standard regulation for the transportation of hazardous goods all across Canada. It has been agreed through the CCMTA that we would adopt this federal regulation as our provincial regulation as soon as Mr. Lang is able to get it into place.

Mr. Mackenzie: Is there some particular reason why we would have to wait for whatever processes they go through federally, to enact it in Ontario?

Mr. Larratt-Smith: I think I could add a couple of things to what the minister said. First of all, CCMTA now has an active committee under the direction of the standing committee on motor carriers which is dealing with this matter. Again this involves representatives from all provinces and from the federal government.

Just recently, the federal people have circulated to us two volumes of proposed regulations. They are absolutely massive, a high stack of draft regulations. There was a meeting last week, or the week before, in Ottawa—we were represented at this full week's meeting—called to go through those regulations and to go through the proposed method of acting.

Part of the difficulty is the complexity of the task. It's simply going to take a little bit of time. In terms of your specific question about the province acting ahead of the federal government, the federal government at this point in time are not certain enough about the details of those regulations. They haven't tried them out on industry, and they haven't verified them. The editorial task is so large, they don't feel they'll be in a position to mandate them, themselves, for a short time. They've got them out really on a consultative basis at this point in time.

We are now, with the legislation the minister mentioned, in a position to act as quickly as those standards are reasonably firm.

Hon. Mr. Snow: Once those regulations are ready at the federal level and the legislation is passed, I can bring in a regulation the next week at cabinet. They will adopt that regulation firmly.

Mr. Mackenzie: I understand that, Mr. Minister. We may be lucky, and we may have had an over-dramatization, I don't know. That fire chief, from Belleville, appeared before the committee to tell us of the

fire and the accidents on the 401 down there, that had cars for a quarter of a mile lined up either way. Had they put water, instead of something else, on the doggone load, he claimed they would have had a crater that would have taken in just about a quarter of a mile either way. We could have had a tragedy that beat some of the air crashes.

We may have been lucky on that one. All I'm saying is I am really wondering how long we can afford to wait because an awful lot of the stuff does go by truck. I think you're moving in the right direction. I have no objection to that. I am wondering if we have to wait, because that could still be slow, knowing the way they work federally.

Hon. Mr. Snow: Well, I would doubt if we could implement those kinds of regulations at this stage. We've been working with the federal government—how long now, Mark? Three years?

Mr. Larratt-Smith: At least three years, yes sir.

Hon. Mr. Snow: We think they should be standard across provincial boundaries.

Mr. Mackenzie: I agree with you on that, it's just the idea of having to wait until they come up with it, when we have a situation that could potentially be dangerous.

Hon. Mr. Snow: We would hope, through co-operation, they will not be that much longer, but I can't guarantee that.

Mr. Humphries: Not to lessen the seriousness of the situation, but the chemical industry has laid down a procedure in the event of some accident such as this. All the police are well informed of the procedures to follow and who to call to find out how to deal with the situation. It's not totally without some control in the event of any of these disasters.

Mr. Mackenzie: What about recommendation 81: "The government of Ontario should require a wide band of reflectorized material on the rear of all vehicles over 18,000 pounds"? Have we done that?

Hon. Mr. Snow: We have not legislated that yet. I have discussed that matter. You may have seen the publicity coming from the OTA convention, about three or four weeks ago. The OTA are implementing a very encouraging program of decals on the rear of their trailers and vehicles, relating to seatbelts, and relating to drinking and driving. There are four bilingual decals.

When the president of the OTA, Mr. Hendrie, came to visit me in my office a few days before they unveiled that program, I said how happy I was the OTA was assum-

ing this responsibility and promoting highway safety. I suggested to him that the OTA adopt, as part of their safety program, the second committee recommendation of reflective banding across the back of cribs. I noticed two trucks with this bonding on the Queen Elizabeth last Friday afternoon. Whether or not it is as a result of this second committee recommendation, I don't know, but two general transport trucks—not Ontario Hydro which has had that on all its vehicles for a number of years—had this. This is a matter we are looking at very seriously. I have asked the OTA to take this on as a program for all their member vehicles.

Mr. Mackenzie: That would not require very much in the way of statutes; you could move rather quickly in this instance.

Hon. Mr. Snow: I think it could be moved quite quickly and if the trucking industry adopted it they could move very quickly. It is something we will consider as part of our regulation. It is very easy to implement for 90 per cent of the vehicles.

We have a number of vehicles that don't have sufficient space on the rear of the vehicle to put on that type of striped reflective barrier. I am very concerned about these particular vehicles and especially those with tilt drop platforms which are used by certain specialized equipment movers. The platform has almost a sheer edge along the back of the truck for tilting down and moving heavy equipment and so on. I am very concerned about the safety of those vehicles and we are looking at them specifically as to how we might legislate.

It is very difficult to have the normal barrier hang down below the trailer or an overhanging truck to stop a vehicle behind from running underneath. If you have the normal type of configuration there, the truck will not tip. But we are looking at regulations with industry for mechanisms where we can deal with that because I am very concerned with it. I recall one fatality we had where a car, on a dark, rainy night, ran up underneath the back of one of those trucks.

Mr. Mackenzie: There are a number of other areas about which I would like to ask but I know my colleague will also be asking about some of them. I want to switch to one last question. It is a number of months since I have been actively involved and I don't have the letters in front of me, but I had a series of letters some months ago from the locals at the Sault and Sudbury and down at Hamilton. What they were concerned with was more of a problem in the north than

it was down south. They were concerned with the safety regulations on the private rail lines, which they claim were not as stringent as those on the CN-CP lines. Once they crossed into company property, there were not the same safety measures as there were on the regular lines. They were asking, when they contacted me, if there is not some way they could be covered even though it is a private line. There are a number of them in the province. I wonder if this has ever been raised with you or has ever been a problem or if any of it has ever been brought to your attention?

Hon. Mr. Snow: I don't know if it has been raised with any of my staff. It certainly has not been brought to my attention in the two years and two months since I have been minister. I assure you, as far as rail regulations go, it is basically the responsibility of the CTC.

Mr. Mackenzie: Do you have any authority in this field at all?

Hon. Mr. Snow: I would say not within private property. Once railcars enter Stelco's property or Ford's property, although they are normally moved by railway locomotives, in other cases they are moved by private locomotives.

Mr. Mackenzie: They raised the point with me that in many cases they were operating through areas of the plant where you had a virtual road system and they certainly got on private property. I am not disputing that.

Hon. Mr. Snow: I recall last fall I was visiting the Great Lakes Paper plant at Thunder Bay. It's quite a large operation and Great Lakes has some of its own locomotives for moving railway-owned cars for loading and unloading. No problem as far as safety is concerned has been brought to my attention there, although I am not sure we would have jurisdiction over it in any case.

[9:45]

Mr. Mackenzie: If you were given a specific brief pointing out problems, what would your procedure and reaction to it be?

Hon. Mr. Snow: I would take it forward to CTC and Mr. Benson, along with our recommendations and concerns.

Mr. Chairman: I still have seven members on the list. Although we don't have to, it would facilitate consideration of the estimates—based on the fact we only have tomorrow for consideration—if we could pass this vote. I would just ask the members to keep that in mind.

Mr. Bounsall: I'll keep that in mind, Mr. Chairman.

Hon. Mr. Snow: Being a good Milton boy, going to Milton high school and Milton public school, I am sure you will abide by the chairman's ruling.

Mr. Bounsall: Of course.

Mr. Mackenzie: Flattery will get you nowhere.

Mr. Bounsall: We Halton county and Milton people have to stick together.

Hon. Mr. Snow: He was about five years behind me when we went through those schools.

Mr. Haggerty: He is still behind you.

Mr. Bounsall: Rapidly catching up as I went.

Hon. Mr. Snow: His older brother was in my class.

Mr. Bounsall: That's right. My colleague, the member for Hamilton East, made some of the points I was going to. I was also going to inquire about when you would have the photo on the licences and the probationary licences. But you have answered that, so we don't need to get into it.

Hon. Mr. Snow: I hope to introduce a bill relating to those two items tomorrow or Friday. They will not be dealt with this year, but I hope to introduce them. If there is any feedback from the public we can receive it during the winter, then proceed with the bills in the spring.

Mr. Bounsall: The relation of the photo on the licence to highway safety is a bit tenuous. What it best does is help the police enforce the drinking age—so you don't get driver's licences lent.

Hon. Mr. Snow: That is one of the side benefits.

Mr. Bounsall: When rambling around Ontario virtually every community brought that to our attention. It is a popular issue, so any feedback you are likely to get on that will from the committee's experience, be positive—do it right away.

Hon. Mr. Snow: I had that legislation ready last March, but did not introduce it, waiting for the select committee's report.

Mr. Bounsall: The ministry was disappointed about driver school licensing. We didn't specifically recommend that, because we found some rather interesting things. We did say we should have our driver education courses improved. I would assume that is taking place. We were told that that was in fact under way.

But the other one we came to a conclusion on was that driving instructors, by their own admission, needed a much better

course than they were getting. They said they would like a better course than the Ontario Safety League gave. The Ontario Safety League said they could only give their two-week course—which then was expanded into three—which was really a Mickey Mouse course. They weren't up to giving a better one. So the major recommendation was that the driving school instructors have available to them a much better course, one probably best developed through the community colleges.

Hon. Mr. Snow: I agree with that fully. I have had some discussion with my colleague, the Minister of Colleges and Universities (Mr. Parrott) and would like to see the community colleges implement a course for driver instructors.

Mr. Bounsall: That, we found, would probably solve most of the problems. When we got into what sort of square footage they should have—in terms of licensing an establishment, how much blackboard space and so on—we had no evidence to suggest the odd driving school that operates out of someone's farmhouse, with training being given by the farmer or the farmer's spouse, wasn't just as good as what was being given at the driving school.

Hon. Mr. Snow: No reason whatsoever. I taught three of my children to drive automobiles, and I think I have done as good a job as any professional driver could.

Mr. Bounsall: That's the reason we shied away from licensing, because there was evidence to suggest that other ways and other types of establishments that would have difficulty falling under a general regulation were, in fact, giving just as good training. So we zeroed in on training the instructor, having a good course available for him.

Hon. Mr. Snow: You or I training our son or daughter to drive is somewhat different from John Doe's driving school advertising and offering for sale a professional driver's course. The professional driver's course should meet certain standards.

Mr. Bounsall: All instructors in that school should have this upgraded drivers/instructors course from whoever can give it, whatever number of community colleges—

Hon. Mr. Snow: The course should include certain minimum requirements. I hate to relate driving to flying, but if you take a private pilot's licence course under the federal Department of Transport, that course says you shall have—I believe it was 30 hours when I took mine, but that was 20 years ago, so I think it is 40 hours now—

a certain number of hours dual training, dual cross-country, solo cross-country, and you have to have performed forced landings, precautionary landings, incipient spins and so on. You have to have done all of those things within those 40 hours.

You can probably do them all within 30 hours, but you must have a total of 40.

Similarly our course should say you must have a certain number of hours of instruction in the classroom on the Highway Traffic Act, must know what all the signs mean and, naturally, must have a certain number of hours of steady driving. You can't take all your course driving around the block in Windsor; you must go out on the 401, the E. C. Row or some place where you have some traffic to deal with.

Mr. Bounsall: And there should be a defensive driving component as well.

Hon. Mr. Snow: Once you get your licence, nobody tells you you can't go out on 401 the next day. You may have never been on it. I want to emphasize this is the minimum.

Mr. Bounsall: I think we're in agreement there. You're just going to specify a minimum for driver education courses. That's certainly along the committee's thinking as well.

Another licensing area struck me, but from the report given by your parliamentary assistant on November 3, it may well involve another ministry. I got a copy of that report. I was rather critical that night in that you had to leave a number of areas to other ministries, as if you were maybe trying to dodge some of the issues. You assured me that you weren't, but I know how Milton boys operate, Jim, so it's a possibility.

On carefully reading the report, that is quite correct. Any area that was in your jurisdiction, you did meet head-on in your response that night.

Of interest to me is that the demerit points, when they are finally proven in court, be made retroactive to the time of the offence. That's probably in the Solicitor General's area. How are you making out in that one? The need arises—and this came from every legal person we bumped into—because if you are about to be found guilty on a given charge that would put your licence under suspension. At the moment the favourite technique is to hire a lawyer, who delays it until you drop off some points at one end—

Hon. Mr. Snow: You drop off some points, so that if you do lose that case—

Mr. Bounsall: You've still got your licence in hand. Our recommendation was that, even if it's six to eight months later, it takes effect at the time of the offence. Even if it's six or

eight months prior to that, it will result in suspension.

Hon. Mr. Snow: If the suspension starts back then, it is over before the court case.

Mr. Bounsall: No. The suspension would start at that point. He would be found guilty even if it's six or eight months later, and he would be suspended because it fell within the period. The suspension would then take effect from the time he was found guilty. That would get around the delays—which is all they are—to get him into the safe period.

Hon. Mr. Snow: In our legislation of this year we have dealt with the problem of people who file the appeal, and then once the time has gone by, abandon the appeal. That specific recommendation we have had considerable discussion on. Mr. Humphries would like to give the latest viewpoint on that.

Mr. Humphries: To implement that program, in so far as our administration is concerned, requires a reprogramming of the computer which is rather extensive. Before that decision is made we must also consider whether you apply the suspension effective the date of the offence. You may have been charged, may have committed the offence, on August 1 this year, and you may come up for trial on November 1 or in January depending on which court you are in. So, by the time you are convicted, at that point suspension is a long way from the occasion that brought it about. What's more, by the time several months have gone by, the point total may have gone down, and you are suspending somebody who now has a point total of nine, eight or seven. However, that's a bad thing, and is the sort of thing we are looking at at the present time, before we finally make a recommendation to the minister.

Mr. Bounsall: So you are seeing what effect it has on actual cases in files.

Mr. Humphries: Right.

Mr. Bounsall: The lawyers tell us they have a considerable number of clients in that position. They simply say to them: "Look. You have to delay this thing four months or six months, then three points will have dropped off the other end I can be found guilty." The lawyers don't mind the business, I can tell you that. We were not trying to be anti-lawyer per se on it, but lawyers said: "Look. This is just a dodge around the suspension, and you might consider backdating it. Then we would not get the instruction to go in, have a court date, and simply cause a delay." They saw that as a positive thing within the courts, quite apart from the effect upon the person getting a suspension—whatever

that effect is. As you know, the committee queried the effects of having suspensions at all.

The other area I wanted to speak on was the impaired driver. Here you have your interministerial task force. How is that interministerial force coming along? We saw, when we got into the impaired driver area, no one recommendation—including that of raising the drinking age—as any solution to the problem. But the recommendations, taken as a package, we hope, would certainly have an effect. The extension of the probationary period if a probationary driver is found drinking—

Hon. Mr. Snow: That is one thing that we have built into our proposed probationary licence program. If a person on probationary licence is found driving while impaired, they would be dealt with quite severely. It's a major problem, one of the most difficult problems to deal with.

Mr. Bounsall: It was quite clear to the committee that one of the problems was to separate the learning to drive period from the learning to drink period.

Hon. Mr. Snow: Unfortunately, some of us put those together.
[10.00]

Mr. Bounsall: Right. Certainly, somehow separating drinking from learning to drive. But the whole program for the separating of social from problem drinkers, as you find them impaired, and what you do with them then—we are able to define a social drinker and a problem drinker—a problem drinker being, I suppose, a euphemism for someone who has a real drinking problem, or is an alcoholic or near alcoholic. Programs deal with those differently. Is there much progress made in the interministerial task force with that problem? I don't expect to see quick answers to this, but I'd like to see the package on it come together.

Hon. Mr. Snow: We do have an interministerial committee, which I believe involves the Solicitor General, Attorney General, Health and ourselves. We expect a report from that committee to cabinet early in the new year, perhaps before the end of January. I don't know what their recommendation will be. I've racked my brain since I've had the responsibility of dealing with this particular situation. It has to work both ways.

Mr. Haggerty: If you drink, you don't drive. If you drive, you don't drink.

Hon. Mr. Snow: It just has to be the most difficult problem we have.

Mr. Bounsall: I know, it's the difficult one.

Hon. Mr. Snow: What annoys me most is this letter I get every second day from a member of the Legislature, telling me there's a constituent, poor fellow, upstanding citizen, member of the church and president of four service clubs and so on, but he blew 0.14 instead of less than .08. "Mr. Minister, he's going to lose his job" and so on. "Won't you give him special consideration?" We have a standard letter that goes back. I have no jurisdiction, no discretion to give that man or woman, any special consideration. If I did have, I wouldn't. I tell my constituents exactly that.

Mr. Bounsall: For over a year now, whenever they've come to me on that, I've said, "I have no sympathy at all with you. You know you shouldn't have. It's unfortunate you were in that level. I don't want you on the road."

Hon. Mr. Snow: I've had constituents from my own riding come to me and tell me all these sad tales, and I just say—and did even before I was minister or when I was in another ministry—I have no jurisdiction. The minister has no jurisdiction. But if I did, there's no way I would waive that suspension period.

Mr. Bounsall: Another area of drinking and driving that the whole committee found very intriguing was the finding in other jurisdictions—I think well known—that if the penalty is applied fairly immediately it has a good deterrent effect. That led to the report's recommendation of making use of a tester which has been developed. If a driver turned the light on between point five and one, you would simply take the keys for 24 hours. That being immediate, and also not appearing on his record, it's no—

Hon. Mr. Snow: I don't think that's in my jurisdiction. That would have to be the Solicitor General.

Mr. Bounsall: That one is the Solicitor General's?

Hon. Mr. Snow: We would certainly discuss this. They have this, I believe, in Alberta. They have the 24 hour suspension, where you just take the keys away and send the guy home in a taxi or however. We're not too sure how this works, but I don't believe this is a matter we could deal with under our legislation. It would have to be Attorney General, Solicitor General, Criminal Code, whatever it may be.

Mr. Bounsall: From all we heard about driver attitudes and effective penalties and so on, this was the one which turned the most members of the committee on, in terms of having an immediate salutary effect upon the

driver who's not badly impaired. If he's over one, then you go the normal route.

Hon. Mr. Snow: It's very difficult. There are certain individuals, I guess, who can be proven scientifically to act quite responsible, and can probably drive as well as you and I can at 0.05, if they're 0.15. But those are very few and far between.

Mr. Bounsall: At 1.5 you are carrying an awful load.

Hon. Mr. Snow: No. Not 1.5, 0.15.

Mr. Bounsall: Well, 1.5 or 0.15—

Hon. Mr. Snow: I'm not recommending it.

Mr. Bounsall: There are other areas I can get into here, but you are obviously working on it. I will follow up with the Solicitor General the use of that tester, because that is really an intriguing area.

Hon. Mr. Snow: The Solicitor General has brought in a program using the roadside tester now. It has been approved; I don't know to what degree they are using it. I know they are implementing it on a gradual basis. They are using it now, I know that.

Mr. Bounsall: One last comment in another area; I brought this up recently with Mr. Humphries. An intriguing program was instituted in Oregon which, if instituted here, you could not announce. They divided all suspended drivers into four random groups, then followed all of them along for two years, watching their driving record.

One group they suspended in the normal way. One group was ignored completely, as if there was not a suspension, as if somehow the fact they should have been suspended got lost in the computer. One was required to take, at their own expense, a defensive driving course. They wrote the fourth group, saying, "Your licence is suspended. Tell us the conditions under which you absolutely need to drive your vehicle. If it is to go to work, get a letter from your employer. If it is to go to school, get a letter from your dean or your principal," and so on.

They got a fantastic reply rate, something like 97 or 98 per cent, indicating under what conditions they had to drive. Even if they wrote back and said, "Gee, I need my vehicle all the time. I have to take it to the supermarket, my wife is a cripple, I need it for work" and so on and so forth—no matter what excuse they gave—they gave them a licence which indicated that the licence was suspended, but valid for whatever things they had written back. Then they followed up their driving records.

They found no difference between the group they suspended normally and the group

they did not suspend. The group that took the defensive driving course were a little bit better in their subsequent driving. But the group they had write back were markedly better.

It is the type of program which you can't institute en masse, or announce you have, because that would kill the effect of the program. We did not put that in our recommendations—

Mr. Bradley: Let's hope they don't read Hansard.

Hon. Mr. Snow: It's all out now.

Mr. Bounsall: Not too many people will read Hansard on this.

Hon. Mr. Snow: I hope not.

Mr. Bounsall: I wonder if the ministry would not consider that? I hope you would not tell us, or only quietly, lest the word get out. But obviously in terms of making drivers safer, particularly that group that had reached the suspension stage, that has been proven in one other jurisdiction at least to have quite an effect. The fact that you involve them seriously, telling you where they really have to have their vehicle, that act causes them to take their driving somewhat more seriously.

Hon. Mr. Snow: That is a new philosophy I had not considered. It has some interest; it is something that we certainly should pass on to the interministerial committee.

Mr. Philip: I am sure you have thought of other ways to be devious—why not try that?

Mr. Gilbert: I was just going to say, Mr. Chairman, in the demerit point system you bring people in for interviews, and that a dialogue goes on between the driver and the—

Hon. Mr. Snow: That approach is not usually used for impaired drivers, because if impaired they have already lost their licence. They have other driving habits, and my officials tell me that it is probably those people who have the bad driving habits who get the nine demerit points, which triggers the computer to send them out a letter to come in for an interview—or 12 points; it's nine points for an interview, 12 for a test.

This is somewhat of a lost cause, because 99 per cent, or a very high percentage of those drivers that have demerit points, drive perfectly when you take them out for a test. There's nothing wrong with their ability to drive—it's their habits. We can hit them over the head with a baseball bat and say, come to your senses. But other than that, there are very few ever fail that test. Is that right, Mr. Humphries?

Mr. Humphries: I'd say almost none.

Hon. Mr. Snow: They are not poor drivers. They are drivers with bad habits, or who insist on taking particular risks.

Mr. McGuigan: Mr. Chairman, the minister answered my question in part. It was the question of these tilt-back trucks. I wasn't concerned with markings on the back, but I was concerned with a barrier. I have suggested that as most of these trucks have hydraulic pumps on them, it wouldn't be much of an engineering task to have a hydraulic gate that could be lowered as a barrier.

Hon. Mr. Snow: I assure you, Mr. McGuigan, that if it's the last thing I do in this ministry, I am going to do something with those particular vehicles. I don't think our people have come up with the total answer yet. Every time I am driving along the highway and I see one of those vehicles with an eight- or 10-foot overhang behind the rear axle, and that razor-sharp edge, cold shivers run up and down my spine. Somehow or other we are going to do something about this.

Mr. McGuigan: That's what prompted my question. I ran up behind one just quite recently.

Hon. Mr. Snow: I hope not too close.

Mr. McGuigan: No.

Hon. Mr. Snow: There was a case—I think it was out in Mississauga—where we had a dual fatality. A car on a dark night ran into the rear end of one of those vehicles.

Mr. McGuigan: Just one technical thing: Is it the law that all trucks have a barrier, and these trucks are exempted, or how does that work?

Mr. Humphries: No requirement for that barrier.

Mr. McGuigan: Not on any truck.

Mr. Haggerty: They should have, shouldn't they?

Hon. Mr. Snow: Most trailers, most trucks have a structure built down below the rear of the frame that gives some protection from a vehicle running up behind.

Mr. Haggerty: Not much, though. It's used more as a step-ladder.

Hon. Mr. Snow: Not necessarily. I recall, a number of years ago out in Oakville, there was a lumber truck—probably a truck with a 12-foot flat-bed with 16 foot lumber on it. It had a mechanical breakdown and was pulled off to the side of the road. There was a car coming up—why he was off on the shoulder, I don't know—that ran into the back end of this truck and, of course, de-

capitated the whole crew. This is pretty hard to deal with.

When you have overhanging loads, they are required to have red flags and so on. But the particular vehicle that we are discussing with that long, overhanging razor edge—maybe it's just that edge that bothers me the most. As you say, if we can send men to the moon surely we can put a structure on an E-type vehicle that will fold up and still let the platform fold down. It's just a case of requiring it, that's all.

Mr. Philip: I wonder if the minister has confused his comments on the statement by Fred Cederberg of your ministry when he said it would be impossible to check annually the 500,000 to a million cars in the province that are five years or older. I am wondering whether the minister concurs with the statement that we can't set up an adequate car-checking system similar to what I observed in Germany when I was over there on the select committee. What direction do you plan on moving in in that area?

Hon. Mr. Snow: I wouldn't go as far as Mr. Cederberg and say it's impossible. We have some five million registered vehicles—I believe that's right—including trailers. I believe the recommendation was that all vehicles over five years of age—is that right? [10:15]

Mr. Humphries: Right.

Hon. Mr. Snow: That they be checked annually. This is something we're considering. School buses have their own requirements for safety certificates. Dump trucks now have their own requirements for safety certificates, and we're looking at other commercial vehicles. But as far as all automobiles are concerned, we now require the safety certificate every time the automobile changes hands. There are, perhaps, a small percentage of people who buy an automobile and keep it for 10 years, then trade it in and get a new one.

Most people who buy a new automobile are perpetual new automobile buyers. They buy one every year or every two or three years, and trade that in. Of course, then the vehicle gets a safety certificate before it's sold to the next person. The normal person, such as myself, who usually buys those one-year-old cars with 8,000 to 10,000 miles on it, drives it about two years and trades it in again. So, of course, that gets a certificate. We feel the vast majority of our automobiles are getting safety standard certificates fairly regularly through that changing of hands process.

There are also the safety lanes that travel around the country and which we set up at unannounced points to give safety checks. There's also the authority under the Act for any police officer who sees a vehicle to order a check. I think most of us who are familiar with vehicles can tell—not all but many of the vehicles—you can just spot them and say that vehicle looks as if it's unsafe and it should go through a safety check.

Mr. Philip: That's why I get pulled over all the time.

Hon. Mr. Snow: The officers on the highway have this privilege and do this periodically. Periodically I get very nasty phone calls from some individual who has been told to go to our MTC station in Downsview and have his safety check.

Mr. Gilbert: Mr. Minister, Mr. Chairman, I think to be fair to Mr. Cederberg, he was relating primarily to the type of extensive check that we do at the present time when he was talking about the problems with it. Mr. Humphries knows about this in more detail than I do, certainly. But as I understand it, the jurisdictions that are into this are not into the extensive safety checks that we are carrying out. Maybe you, after your deliberations in Germany, might disagree with that. But it's my understanding they don't go into the same detailed check.

Mr. Philip: I wasn't over there on the highway safety committee. I was there with the committee on transportation of goods, and therefore, didn't go into it in great detail. But it was a pretty elaborate system—a production line system of checking.

Hon. Mr. Snow: As I understand it, in British Columbia they implement that program. I think that's the only province other than Ontario that has a program requiring periodic tests.

Mr. Philip: I'm sure that other MPPs get consumer complaints periodically about the whole—for example, somebody has taken his car into a garage to get it certified and had a whole bunch of work done that he thinks was unnecessary. My wife had that experience, with a mechanic that we didn't know.

I'm wondering, if a program is set up, if you would at least consider the possibility that those who are authorized to do the testing are not also authorized to do the repair work. It doesn't have to be a government agency that does the testing. In Germany they license testing centres and it's similar to the way in which you license a trucking operation or any other private enterprise operation. But these companies are not also allowed to

do any of the repair work. It would seem to me that is the direction that you should be going if you're planning on—

Hon. Mr. Snow: As I understand it now, the vehicle inspection stations that we license or approve to do the inspection don't necessarily have to do the repair work. You can take your automobile to a station and have it inspected; the mechanic says you need a new muffler but you don't have to have him put the muffler on. You can go down to Speedy Muffler down the road, have the new muffler put on, bring it back and say here is my new muffler and get the certificate signed. In many cases the individual does get that station to do the repair work, but it's not compulsory by any means.

Mr. Humphries: The inspection station must, under those circumstances, give the certificate, whether he does the work or not.

Hon. Mr. Snow: Provided he meets the standards.

Mr. Philip: I wonder if you'd comment on the—

Hon. Mr. Snow: Just before we leave that point—we do get complaints from people who buy a used car from their mother-in-law or their next-door neighbour; they take it and get the certificate, get the transfer; they have the vehicle a month or six weeks or two months, then they find something wrong with the vehicle and they blame the inspection station.

They seem to think that that certificate of fitness is a warranty, which of course, it is not. It states that that vehicle, on the particular day of the issuance of that certificate, met certain standards. If three weeks down the line, the bottom falls out of the muffler, then of course, it doesn't meet those standards and the inspection station is not responsible.

Mr. Gilbert: Mr. Minister, we have been checking some of these inspection stations. Mr. Argue could comment on that. It might be interesting—

Mr. Argue: We do many checks on the stations. But the one worth mentioning is with what we term a ghost car, where we set up a vehicle and take it into an inspection station to see how they treat it. Sometimes they do very little inspection—we have had this—and sometimes there might be some overcharging. Of course, we immediately charge these people. But I think the biggest benefit that has come from this is that after having operated it for a few weeks, we then could get nobody to inspect it other than properly.

We say we're in a hurry; they say, "No way, the government's clamping down, we have to bring that in and do a complete and

full inspection." This is exactly what we want and we are going to be trying these in different regions of Ontario. We hope that kind of idea gets around and that it will improve the situation considerably.

Mr. Philip: I wonder if the minister would comment—Does he yet have the results of the RIDE program experiment in Etobicoke, where the police cars that are doing the checking actually have the big neon signs on top of the cars and they are doing the alcohol inspection throughout the borough?

Hon. Mr. Snow: I have no report on this and I doubt if the ministry has. I am aware of the intensified program there but there would be no real reason for the Etobicoke or the Metro police in the Etobicoke precinct to send us a report. If they were going to report the results of such a test, it would be to the Solicitor General.

Mr. Philip: On the whole problem of record-keeping, I appreciate what the minister has done, first of all to safeguard the records and the direction that he has even put into an Act. But I have here a complaint from somebody in Ms. Bryden's riding in which he says that he actually received three warnings of warrants for his arrest over parking tickets, plus two final issue summonses for parking in the last couple of months. In each of these cases, the tag was taken off his car and the issue was sent to an address that he had moved from in 1974.

The earliest parking offence took place in October 1975 and the latest in 1976 "and the warrant warnings were directed to my current address as of August 1976." But a check with Metro police revealed that all of the previous sentences went to his pre-March 1974 address. So he was wondering about the record keeping when you have that kind of mixup.

I have had constituents who have received summonses for cars that they have sold and sent in the new registration years before. Have there been problems with record keeping like this and is there any method of correcting that kind of mixup?

Hon. Mr. Snow: First of all, may I ask is this Mr. Nanoff he is referring to?

Mr. Philip: No. I can give the minister the letter. I just don't want to read the man's name into the record, but—

Hon. Mr. Snow: No, this is not the same one. But it sounds like a similar case to one that I do know about. There was an article in a recent issue of the *Globe and Mail*—there are instances where individuals transfer vehicles and they do not report changes of address. They may, in the process of transferring a vehicle from one to another, fill

in the new address on the vehicle transfer slip but not fill in a change of address report. When that comes through from the licence issuing office it can foul up our computer system if there is a different address on the registration but not a change of address for the individual.

Mr. Philip: So, this would account for why the police knew where to reach him but why the summonses did not—

Hon. Mr. Snow: Yes. We get numerous cases of mistaken summonses. I had a letter from a constituent of mine last week—a gentleman whom I know very well—who received a parking ticket showing his licence number at 4 o'clock on a Saturday afternoon at such and such a street in Toronto. But he wrote to me and he said that at that particular time he was attending his niece's wedding—I believe it was his niece—at the Bronte Legion Hall—sorry, you have something against legion halls—but at the Bronte Legion Hall.

Mr. Philip: I don't have anything against legion halls—

Hon. Mr. Snow: You said it cut their business. I'm sorry.

Mr. Philip: I said that the ride program seems to cut into their business.

Hon. Mr. Snow: This gentleman was attending his niece's wedding and was proposing the toast. He sent me a copy of a letter from his niece and her husband thanking him for attending the wedding and proposing the toast. This was all at the same time that he was supposedly receiving a parking ticket in Toronto. This obviously has to be a human error, at some point, where somebody transposed a number—just as, periodically, you or I when dialling a telephone number get—or when my daughter or son—

Mr. Philip: As long as he wasn't using the wedding for an excuse for having been in a brothel or some place like that at the time the other took place—

An hon. member: Maybe he was at the wrong wedding.

Mr. Philip: Or a body rub.

Hon. Mr. Snow: There are mixups in summonses for parking tickets. There is no doubt that this happens. Most of these horrendous experiences that we find out about—such as the woman, I believe, in Kitchener or Cambridge last year, who received 600 parking tickets.

Mr. Humphries: That was a programming problem.

Hon. Mr. Snow: That was a situation where her registration got transposed and became the

number of one of the leasing companies that had hundreds of cars. She owned one car and she was getting all the parking tickets that were coming through for one of the leasing companies.

[10:30]

I'm sure this started out as a human error. And when these things come to our attention, we immediately deal with them and get the system corrected. But I don't think there's any way that we will ever have—the computer only kicks out, as corrected, information that goes into it. If someone makes an error on a serial number on a vehicle or a driver's licence number or an address or a birth date or whatever goes in, it's going to come out wrong.

Mr. Chairman: We were five minutes late getting started, Mr. Haggerty. Do you want to make some brief comments?

Mr. Haggerty: In that length of time, I was about ready to give up.

Mr. Chairman: You never give up.

Hon. Mr. Snow: Ray never gives up.

Mr. Haggerty: Never gives up, no. I think we should be talking about the tunnel in Port Colborne but I can't get into that vote.

Hon. Mr. Snow: No, we're not in that vote yet, Ray.

Mr. Haggerty: No, what I'm concerned about is the—

Hon. Mr. Snow: That's only \$50 million dollars anyway.

Mr. Haggerty: —reciprocal agreement that you're contemplating with our American neighbours to the south. I'm concerned about one of the studies that were made on transport drivers in the United States where they were apparently consuming chemicals called "uppers" or "speed pills" or something. Drivers away on long hauls and that. I was wondering if there ever was such a study completed in Ontario? I guess that comes under the federal regulations—under the federal Transport minister. Is there any abuse of the 60 hours in Ontario?

Hon. Mr. Snow: I haven't had any reports of abuse brought to my attention at all—I don't know whether Mr. Humphries has any comments.

Mr. Humphries: The federal ministry of labour has regulations on the use of logbooks. There is no way of telling how effective that system is, because nobody knows whether the information written in the logbooks is accurate or not. I know some of the provinces are checking these logbooks for the federal government through the RCMP and talking with the individuals who do the checking. But

there's no assurance whatever that what they are reading in the logbooks is fact.

Mr. Haggerty: In other words there can be some abuse then?

Mr. Humphries: There's nothing to prevent it. Because there's nobody standing over the person who's making the entry into the logbook. So the question of the effectiveness of the logbook is, I think, very much in doubt.

Mr. Haggerty: Then there's an area for improvement?

Mr. Humphries: That's right.

Mr. Haggerty: Hopefully the ministry will be doing something in that area.

My second concern is about the conditions on the Queen Elizabeth Way or on the expressways in Ontario. I wish there were some ways to warn motorists, particularly at this time of year, using the Queen Elizabeth Way when there is a traffic backup or an accident on the highway. At such times there should be some type of warning device such as caution lights at intervals along there telling drivers that traffic is almost at a standstill. I've seen a number of accidents—

Mr. Bradley: There's one at the Burlington Skyway.

Hon. Mr. Snow: The Skyway or the Garden River—

Mr. Haggerty: Is there anything that you can put up there to warn motorists that the traffic is almost at a standstill? I came through the other day from Niagara Falls to Toronto and saw a number of accidents—not one car but five and six cars—that just completely blocked down the traffic. There was a holdup almost from Oakville to Toronto. It was a long delay. It's a good idea to take the service road if you're well aware of the holdup. I think there should be some type of warning light there to say caution is required ahead—to reduce speed or something like that.

Hon. Mr. Snow: Just a moment while I answer that. On specific situations where this happens periodically—like the Burlington Skyway—we do have a type of sign now. We're investigating a new computerized sign that would be connected with the OPP detachment. As soon as they know there's a blockage on the Skyway or it's stopped because of high winds as it was last week, they will immediately be able to get a sign activated.

I'm not sure if it is practical to do that every mile down the—

Mr. Haggerty: You could get it at the Burlington Skyway because you can turn off and take the route under the bridge there. You would have to have a light up there to

warn the motorists as they approach the bridge.

Hon. Mr. Snow: We have a traffic light there now, but we are looking at ways of improvement.

Mr. Haggerty: I think you should have some safety precautions all along that route.

Hon. Mr. Snow: An accident can happen momentarily at any point that will block that highway and no one has any warning as to where it's going to be.

Mr. Haggerty: Yes, but you could still have warning lights at intervals.

Hon. Mr. Snow: As soon as this happens, the police move in. If it's a major block they start diverting traffic at the intersection.

Mr. Haggerty: I have not seen that happen on too many occasions.

Hon. Mr. Snow: They do. They'll block and divert traffic at the previous intersection. Unfortunately, if you have gone by that intersection you are stuck.

Mr. Haggerty: The other point I want to raise with the minister is this, apparently you said that you have a motor cycle.

Hon. Mr. Snow: That's right.

Mr. Haggerty: Do you have insurance on it all year?

Hon. Mr. Snow: I do.

Mr. Haggerty: I've had it brought to my attention that many young motor cycle operators consider it a ripoff by the insurance companies that they have to have insurance for 12 months a year, and it's expensive. It could be issued the same as for a truck licence, every three months or every four months. It can be paid for that period of time and then renewed.

Hon. Mr. Snow: My son and I bought a motor cycle last spring.

Mr. Haggerty: I am sure you don't drive it at this time of year.

Hon. Mr. Snow: No. I have not driven it for the last couple of weeks, but I do enjoy driving it. We got a quote on the insurance and, not because of my driving record—I happen to have a pretty good one—but my son does not have as good a one and because of his age we were faced with a fairly substantial insurance fee. I said, "That's not too bad. We'll take the insurance for six months," because we did not intend to use the motor cycle in the winter months anyway. Of course, we were immediately told by the insurance company, "No dice. That this is an annual fee."

We accepted that, because I am sure if they were allowing or providing a six-month

policy the premiums would be so adjusted that they would derive the same amount of revenue in any case.

Mr. Haggerty: It shouldn't be allowed.

Hon. Mr. Snow: They base the premiums on motor cycle coverage to cover the claims on motor cycles.

Mr. Haggerty: Perhaps if people wouldn't use them in the winter there wouldn't be that number of accidents. I think the youngsters are right when they say it's a ripoff by the insurance companies and you should be—

Hon. Mr. Snow: I don't have any control over insurance. That comes under the Ministry of Consumer and Commercial Relations.

Mr. Haggerty: You issue the licence.

Hon. Mr. Snow: I understand totally the point you are making.

Mr. Haggerty: I won't go any further with that. The other matter is, I think you're concerned about bringing in regulations to control hazardous goods or materials being transported on highways. I suggest that you contact the United States Coast Guard, because they have an exceptionally good cataloguing of all hazardous goods that are transported by steamship vessels and it's almost the same as that. I think it's the United States Coast Guard or the United States Navy, but they have a good one, because the fire chief in the city of Port Colborne uses that pretty well to control any possible accidents on the St. Lawrence Seaway, particularly in the Welland Canal.

Hon. Mr. Snow: As I mentioned before, the federal government is preparing regulations dealing with shipping by water, air, road and rail.

Mr. Haggerty: The other matter concerns inspection of vehicles. I think you should have inspections of new vehicles that are coming off the assembly line, because I can tell you, some of them are a hazard on the roads. In particular, it relates to tires. I've had my own personal experience. At about 12,000 miles I've had to put a whole new set of tires on my car because the radial tires as they are, the beads or the belts slipped or shifted and it caused almost a weave right down the tire. I thought it was due to the winter conditions, but when I had the car in for an inspection it was four tires that were gone. I wrote to Ford. I wasn't too happy about it.

Hon. Mr. Snow: I'll bet you're driving a Ford made in Oakville. I hope you are.

Mr. Haggerty: I understand there are other persons who have bought new cars with radial tires and have run into the same difficulty.

Sure, the companies will give you some consideration as to the number of miles that you've driven, but there is a loss of time and other inconveniences to the consumer who purchased the product.

Hon. Mr. Snow: New vehicles come under the federal Motor Vehicle Safety Act and we do not have any provincial jurisdiction over the manufacture or import of new vehicles. I would suggest we should have, because I think it would be a terrible situation for the motor vehicle manufacturing industry if it

had to have different regulations for each of the 10 provinces, as well as the United States.

We do have a standard requirement under federal legislation. If there is something wrong with the federal legislation, I'd be pleased to put our views forward to the federal minister asking him to rectify it.

Mr. Haggerty: I'd suggest that you check the tires, particularly the tires.

Vote 2503 agreed to.

The committee adjourned at 10:40 p.m.

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Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of
Transportation and Communications



First Session, 31st Parliament

Wednesday, December 14, 1977
Morning Sitting

Speaker: Honourable John E. Stokes
Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, DECEMBER 14, 1977

The committee met at 10:05 a.m.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS (continued)

On vote 2504, provincial roads program:

Mr. Williams: Mr. Chairman, there is a topic I'd like to discuss for a few minutes with the committee. The minister is not totally unaware of it, but to put the matter in perspective, with your indulgence, I'd like to give a bit of the history of this situation.

Basically, it deals with the transverse grooving program and the attendant noise problems associated with that program since its inception. While I know that marked improvements have been introduced to the program, the saga I'm going to unfold deals with the earlier stages of the program which involved some difficulties in that area. My purpose is to ask the minister to give consideration to an alternative remedial process that would correct a particular problem that exists on the stretch of Highway 401 that bisects the riding of Oriole.

If I might go back to the accelerated program that was initiated by the ministry on the Highway 401 Toronto bypass, I think this program is part of the 10-year program that's been in existence since 1963 but which was accelerated in 1973 in the Metro Toronto area. The results of that program, in fact, have been reported in a report issued by the research and development division of the ministry in February 1976. I'll come back to that in a moment.

First of all, I'd like to identify the problem as it has developed. In the summer and fall of 1975, the program of introducing transverse grooving on selected sections of Highway 401 in the Toronto bypass area included a stretch of Highway 401 between the Don Valley Parkway on the east and the Leslie Street interchange on the west, affecting the westbound north collector lane of Highway 401.

Almost immediately upon completion of that particular installation, I started to receive telephone calls from people who had been experiencing markedly increased noise problems emanating from the high whine

produced as a result of vehicles moving over the transverse grooved section that had been installed.

The main feature of the program, as I understand it, has been to introduce transverse grooving in interchange areas on ramps where there is a turning movement and where the highest incidence of accidents has occurred on wet slippery roads in inclement weather conditions. That, of course, was part of the installation at the Don Valley Parkway ramp and at the Leslie Street ramp.

In this particular case, the transverse grooving was carried through from one interchange to the other, a distance of one to one and a quarter miles on the straight stretch. I'll certainly stand to be corrected, but I'm not aware of any other similarly extensive straight stretch of highway in this experimental program in the Toronto bypass area.

In any event, on the north side of Highway 401 in this location, there are two large residential complexes. The characteristics of one is that it's a high-rise residential area as well as a townhouse area, comprising condominium units; so we have a group of home owners living in condominiums on the north side of the highway between the Don Valley Parkway and Don Mills Road. Part of that complex comprises townhouses and one very large high-rise building municipally known as 5 Parkway Forest Drive and which, I believe, was the first condominium unit to be built in the borough of North York.

That particular building is positioned at a 90-degree angle to the highway. Immediately upon the completion of this work, the owners of the condominium units on the east side of the building started to experience a tremendous increase in noise that was coming from the highway and bounding up the east wall of the building. Each one of those units has a balcony which the owners thereof found to be unusable in the spring, summer and fall periods of the year.

The noise of the whining emanating from the highway was so loud, in fact, that they could not hear a radio or television if they were sitting out on their balconies. As a result, many of them, at considerable expense to themselves, enclosed their balcony areas

and made them a part of their enclosed living quarters. But the sound still continued to penetrate through the walls and windows. More than a few contacted me indicating that it was so bad, particularly on days of high moisture when you have an echo and reverberation, that they were finding it difficult to sleep.

None of them have complained that they bought their units unaware of the fact that the highway existed. They accepted that fact and, in fact, one of the reasons they bought in the area was because of their close proximity to a major crosstown route as well as a major north-south artery, the Don Valley Parkway, which is a great convenience factor in that respect. But they did not anticipate that the recognized drone from the highway would be so exaggerated as the result of the introduction of transverse grooving.

Consequently, in January 1976 the 400-odd owners, through the executive of York Condominium Corporation No. 16, contacted me and asked me to attend at their building to consider with them ways and means of resolving this particular problem. I undertook to do so with the co-operation of the ministry. Two staff people, Mr. Dale and Dr. May, who are associated with the research and development division of the ministry, attended with me that evening to point out the purpose of the program, which does have a great deal of merit. I'm not questioning that; nor were the residents in question. They recognized the safety features of the program and that, in fact, it will undoubtedly contribute to a reduction in the number of accidents and perhaps in the number of deaths resulting from collisions occurring on the highway because of slipperiness in inclement weather.

[10:15]

Their concern was that this grooving continued down the straight stretch, as I indicated earlier, from the one interchange to the other. We attended a well-attended and spirited meeting of the owners of the condominiums. I assured them, after explanations of the purpose of the program had been given, that we would pursue the matter further.

As you will recall, Mr. Minister, I provided you with copies of follow-up correspondence to the owners concerning the fact that these meetings had taken place and that the ministry staff had participated and assisted all of us in those deliberations.

As a result, I committed myself and the ministry to doing a sound level study at the location to try to determine in a more specific way the extent of the increased noise factor, although it was conceded that it would be difficult to do and that it was after the fact.

Also, no similar noise studies had been done prior to the installation of this particular work.

Nevertheless, the study was undertaken by Dr. May and, although there were some delays in the completion of the study, it was eventually completed in October 1976. It was about that time, when we had just completed the first full summer with the grooving in place, that I started to receive individual complaints from residents in the low-rise or single-family home residential subdivision, also on the north side of the highway, between Don Mills Road and Leslie Street, commonly known as the Henry Farms subdivision.

The people came to me and indicated on an individual basis that they were finding it exceedingly more difficult to enjoy the privacy of their backyards and the company of their neighbours in their backyards during the pleasant outdoor weather because of the noticeably increased noise emanating from the highway.

They asked what could be done to resolve this problem and I'd indicated that if this was not an isolated matter but was being experienced by one and all in the area, an indication of that fact might be clearly demonstrated if they contacted the people in the area to determine whether they were experiencing the same thing or whether they themselves were over-sensitive to the problem.

Some people in the area took the initiative to find out whether other people were indeed experiencing this disruption in the normal use of their property.

At that time—this was during the past spring and summer—as they were about to bring to me a petition they had taken in the area, I was contacted by someone in the York condominium that I referred to earlier. They made me aware of the fact that part of your ongoing program was to provide for the awarding of a contract that would allow for additional transverse grooving to be installed in other selected locations on the Highway 401 Toronto bypass, with a new and improved type of grooving that I understand has a much lower noise factor associated with it.

When this came to my attention, because the difficulties we'd been experiencing had yet to be resolved with regard to the old type of installation which had this high noise factor associated with it, as you will recall, I immediately arranged a meeting with you—and I appreciated your willingness to see me on a moment's notice—to draw to your attention the fact that it would be inappropriate to provide additional transverse grooving in an area that was already experiencing this noise

problem. At that meeting with you, it was determined that a portion of one of the centre core lanes was scheduled to be subject to further transverse grooving. It was through your good offices, and because of your personal interest and your personal attendance at the location, that you came to appreciate it would be inappropriate to incorporate that part of that contract in that stretch of the highway where this noise problem was so excessive.

I can assure you that your interest and personal attendance to acquaint yourself personally with the magnitude of the problem has been most appreciated by the people in the area. As a result of that, I did appreciate also that you personally issued a stop-work order and reassigned that part of the contract to another area of Highway 401.

The regrettable and embarrassing event that followed, as you may recall, was that the contractor for this project went out one evening and, unbeknown to you or to me or to the ministry people who had specifically reassigned this particular work to another location, and did close to 2,000 feet of one of the centre cores in the troublesome area. It was not until the next morning when I received a call that I was aware of the fact that we were being accused hastily almost of double-crossing the people in the area.

I immediately got on to the matter and found out what had happened, namely that the contractor had improperly gone out and done a stretch of highway that wasn't even included in the original contract which you had revised to accommodate our situation. Needless to say, it indeed proved embarrassing.

Hon. Mr. Snow: Embarrassing for you and embarrassing for some of the rest of us.

Mr. Williams: That's right. I think it's important that it does go on the record to clarify that point, because I think some people have still not been totally assured of that fact that it was an error committed by the contractor and not by you, me or the ministry staff.

That gives you the historical background to put the matter into perspective. If I might come to what has been asked for as a reasonable solution to the problem, I'd like to refer to three documents which really come to the nub of the problem and what I think would be a reasonable solution to the problem. Attendant to it is a cost factor of which I'm not unaware but which would be necessary to initiate the necessary remedial work.

As you may recall, I did file with you the petition I referred to, which was taken up by the Henry Farms subdivision residents. The

content of the petition is very brief, although it's very lengthy as far as the number of signatories to the petition is concerned. I might simply read to you the body of the petition because it is brief, succinct and to the point. It really comes to what they see as a reasonable solution to the problem, which I personally believe would indeed be a responsible solution to the matter.

The petition was dated July 25. It was from the residents of the Henry Farms subdivision who were protesting the "dramatic increase in noise caused by a decision made by your department. The excessive noise is the result of the sawing of grooves in the concrete surface in all 12 lanes plus two exit-entrance lanes in this area within the past two years."

Not all 12 lanes have been provided with this transverse grooving, of course. However, it must have felt that way because of the high intensity of the noise.

"We insist that this area should be asphalt-paved in the manner recently completed in the Avenue Road-Bathurst area as soon as possible.

"To properly appreciate the effect that we are being subjected to in our homes, listen to the tire noise in your car the next time you travel on these two surfaces on the 401."

To interject again, Mr. Minister, you did do that. I think that was appreciated because it was the most tangible way of bringing the extent of the noise factor to your attention.

"The noise from the grooved surface is definitely a higher frequency and is extremely annoying. In future, grooves should be used only at ramp-braking areas and at curve problem areas."

That was the body of the brief that was submitted, Mr. Minister. As you can see, the people in petitioning were not being unreasonable and were not unmindful of the value of the program, because in their brief they acknowledge that the use of the transverse grooving at the ramps, and in the weaving areas related particularly to the interchanges, meets a valid need for introduction of this type of safety factor. They're not questioning that. In fact, they're stating right in their brief that they recognize and accept it. But it's for this long straight stretch of road between the two interchanges from which this high piercing whine emanates that they are asking for remedial action.

I might point out—and I think you're well aware of this—that at that stretch of the highway we're really sitting right in the Don Valley. The sound tends to carry right up the valley from that location because there is a grade there that contributes to the sound of

the vehicles, which is further aggravated by the noise emanating from the transverse grooving.

Mr. Minister, what is being asked for—and I'm here today on behalf of the residents to ask on their behalf as well, because I feel it's a reasonable request—is that consideration be given to resurfacing the straight stretch—not the ramp areas, but the straight stretch—between the Don Valley Parkway and Leslie Street with the type of seeded aggregate textured asphalt that has been applied in the area they referred to in their brief, the Avenue Road-Bathurst area. From my own personal experience and from yours, I'm sure, in driving over that stretch of asphalted area, there is a marked improvement in the amount of noise that emanates from the moving traffic.

Indeed, in the study I referred to earlier, which was issued in February 1976, by your research and development division and which was entitled Improved Driving Qualities on Highway 401 Toronto Bypass—Interim Report, it's pointed out that the ministry recognizes that for future concrete paving construction in noise-sensitive areas—this being one of the areas that I think I've fairly identified—"the higher-cost seeded aggregate texture, due to its quieter noise characteristics, may be the best compromise between cost, safety and overall driving qualities." Certainly this straight stretch is the type of noise-sensitive area where I think that type of compromise, if you want to call it that, could be fairly applied.

[10:30]

The other point to which I would like to make reference is that this new type of asphalt you're using not only has an improved noise factor—or anti-noise factor—built into it, but it still has a high degree of skid resistance built into the type of material used therein; so it has the best of two worlds.

I did acknowledge earlier, Mr. Minister, that the new type of transverse grooving that is being applied is in itself a vast improvement over the original type, which I understand was a type of grooving used in Britain and installed with a wire flailing machine. But Mr. Ryell of your ministry has acknowledged that the old style of grooving, which is the type we're talking about here, did increase the noise level by at least two decibels, which is a very significant noise increase factor. Mr. Ryell was quoted on that in the news media when this particular problem seemed to be topical and was gaining some interest in the North York edition of the daily newspaper.

Mr. Minister, I am well aware that you're familiar with a great amount of this because

of your personal involvement and assistance in this regard but, in conclusion what I would like to really determine is if there's any way we can find ways and means in this year's budget of providing for the type of remedial work that I have asked for and that the residents in the area have asked for in their brief, namely the new type of asphaltting to resurface the straight portion of the existing transverse grooving on this problem area of Highway 401. It would be appreciated and of great assistance to the people in the area if you could find your way clear to making the funds available to provide remedial work this coming spring. I'd appreciate your comments.

Hon. Mr. Snow: Mr. Williams, I recognize the problem that has been created in your particular area. I guess it was some years ago that the ministry started a program of improving the skid resistance and safety of the concrete-paved areas of Highway 401, as you have explained in some detail. I believe the first grooving was carried out lengthways on the highway out in the Highway 427 area. I know there are sections, especially on some of the ramp areas there, that were grooved longitudinally with the highway.

Experiments subsequently were carried out with transverse grooving using the tine process, which I believe is the proper name. Certainly it met some of the objectives we were looking for in that it improved the skid resistance of the highway. It also improved the drainage because of these grooves running across the crown of the road; when it rained, the grooves allowed the water to run off the road. But, as you have stated, the tine grooving proved to create additional noise. The type of equipment used created a rough edge which, with the traffic travelling over it, caused tire noise to be substantially increased.

The new type of grooving we're doing on sections of Highway 401 involves the use of diamond saw equipment to cut a smooth groove. I believe the experience there has been that there has been almost no significant difference in noise. I know it's perhaps hard to convince the residents in the area of that, but I think that is a fact.

To go to this year's contract, which you mentioned, we did award a contract in the summer for several thousand square yards of grooving in certain locations. Part of it was to be in the centre or express lanes of the 401 in the particular area you spoke of. We did make a change in that contract. The same amount of grooving was carried out, but we did relocate some of the work to other ramps and so on to relieve that area.

Unfortunately, as you have also mentioned, through some mix up the contractor did get on to that section of highway and did groove a section one night. I'm not trying to make excuses, but the supervisor in charge was supervising several different locations on the highway where the contractor was working and didn't happen to be at that particular location at that particular time. Consequently, some grooving got done that wasn't intended to be done. We are somewhat embarrassed by that, although I don't think that type of grooving has shown any significant difference in the noise levels, so I don't think much harm was done there.

Our main reason for this, of course, is safety. We want to make the road as safe as possible. To do so, we have to do something to the areas once a certain amount of wear takes place on the concrete surface and it becomes smooth and slick. Some process is needed to bring back the skid resistance. Grooving is one way of doing it. Resurfacing is another method. Grooving is substantially less costly per lane-mile than is resurfacing. After a certain amount of wear, resurfacing is required in any case.

The section you referred to in the Avenue Road area is one of the older sections of the highway, and resurfacing was needed. Let me just talk for a moment about the process we used there. This was developed through research in the ministry in looking for a type of surface that was skid-resistant and less noisy.

Because of this new process—the carpet seal, as we call it—the section resurfaced this year in the Avenue Road area shows a tremendous improvement. I don't know the actual amount of decibel reduction—I can't quote you that figure—but I just know there has been an improvement. As you have mentioned, when you are driving along that section of 401 on the concrete highway and, all of a sudden, you go on to that section with this new carpet seal surface, the noise reduction—at least inside the car; I haven't stood off the highway where the residences are—is such that one would hardly believe there could be that much difference in noise.

Mr. Williams: You might say the silence is deafening.

Hon. Mr. Snow: It is just hard to believe that. We're very happy with this new process. It is skid-resistant. It is a porous type of surface and has somewhat the same drainage characteristics or benefits as you get from grooving because on a rainy day like today the water doesn't lie on top of the asphalt; it gets away.

Although this is again more costly, we feel that it is certainly the process we propose to use where resurfacing is required. I think we will still be continuing with some of the new type of diamond saw-cut grooving in other areas where resurfacing is not required.

This set of estimates we're dealing with here today is, of course, for this current year and there is no money available this year for any corrective action in the area you mentioned. But we have made provision in our maintenance budget for next year to carpet-seal the ramp area—not the curved ramp but the straight section that you were referring to—which is half a mile long.

The straight section after the curved ramps which are grooved, and the straight section that was grooved with tine grooving, will be included in our program for the summer of 1978. We'll be putting a surface of carpet seal asphalt over that area, which I think will eliminate a great deal of the problem that is being experienced in that area. So, while it's not in this year's budget, it is in our program for 1978-79 and we hope to get work done on that straight section during the summer of 1978.

Mr. Williams: Mr. Minister, that is good news. I had indicated to the residents in that area, of course, that there was no way any work could be done in that area until the spring or summer of 1978 at the very earliest and that, even then, it would be only because of the extreme nature of this problem. That you have been able to provide for this to be done at that time will be welcome news to the people in the area. I appreciate that very much.

Hon. Mr. Snow: As I say, we will be providing to do that one section in next year's program. We will then also be monitoring it technically to see what improvement we get. And I am sure we'll be getting feedback from the residents in the area as to what they perceive the improvement to be.

Mr. Williams: Yes. Just to be clear: That would be done in the late spring or summer of 1978?

Hon. Mr. Snow: It would be in our 1978 program and, of course, would be done during the good weather of the summer of 1978.

Mr. Williams: Right. And it would be consistent with what their brief asked for, namely to do the straight stretch and leave the ramps and the curves.

Hon. Mr. Snow: That's exactly what we're going to do. We'll leave the curves; and the weaving sections and so on will remain grooved.

Mr. Williams: That pertains specifically to the original transverse grooving that was done on the north collector lane, westbound. Is that correct?

Hon. Mr. Snow: Yes. We would not be doing the area that was grooved this year with the other type of grooving.

Mr. Williams: The part that was erroneously done; the part that has the lower noise factor.

Hon. Mr. Snow: And the other part that was supposed to be done, because we don't feel that is creating any significant noise change.

Mr. Williams: I appreciate that, Mr. Minister. Thank you very much, Mr. Chairman.

Mr. Chairman: Mr. Haggerty? And then Mr. Wildman, Mr. Hall, Mr. McCaffrey and Mr. Warner.

Mr. Haggerty: Thank you, Mr. Chairman. I've got three or four questions I want to direct to the minister and his staff.

First of all, I want to thank the minister and his officials for the job they completed on the reconstruction of Highway 3 west of Gasline and into Wainfleet for about four miles. It's a major improvement. I don't think we'll have to have the lanterns out there this year during any rainstorm to say there is water flooding the road around the Miller Road intersection.

I would like to know, however, when we can expect the second stage of this reconstruction of Highway 3 into Wainfleet.

Hon. Mr. Snow: Where is this?

Mr. Haggerty: In Wainfleet township—going west into Haldimand, I guess it would be.

Hon. Mr. Snow: We have a section on our 1978 program.

Mr. Haggerty: Tenders will be called this year?

Hon. Mr. Snow: Highway 3 from north of Long Beach Corners?

Mr. Haggerty: That's right.

Hon. Mr. Snow: From just north of Long Beach Corners, westerly to Regional Road 20, known as the Wellandport Road.

Mr. Haggerty: That would be the town line.
[10:45]

Hon. Mr. Snow: There will be 9.2 miles of grading, drainage, granular base and paving; so that is really a reconstruction job in our 1978 program. There is an estimated tender date—it is only estimated at this time—of May 1978.

Mr. Haggerty: So you will be going through the village of Wainfleet. You are not going to bypass that at all?

Hon. Mr. Snow: I don't believe so.

Mr. Haggerty: Is there any proposal to remove the old cement bridge? There is no use for it whatsoever. It is right at the town hall.

Hon. Mr. Snow: It has been recommended that the Wainfleet bridge be replaced.

Mr. Haggerty: That is the one with the cement guard rails and it blocks the view of traffic coming through the village, causing some difficulties. You are going to do some work there then. I'll get back to that later.

Hon. Mr. Snow: There is some mention here in my notes that it may be a risk project because of property clearance for that bridge.

Mr. Haggerty: There are two or three bridges right in a row, one after the other.

Hon. Mr. Snow: Our structural evaluation committee has recommended the replacement of the Wainfleet bridge, whichever one that is. But there may be a delay on it, because apparently there is property required. And, of course, you know that any time we have to buy property, even though it is a small piece—

Mr. Haggerty: I won't take the time of the committee to get into details. I can contact somebody within the ministry to get the condition.

Hon. Mr. Snow: That 9.2-mile section is on our program for 1978 and unless some unforeseen difficulty arises, that will go ahead next year.

Mr. Haggerty: I hope no difficulty arises, because the employment situation there is not too healthy at the present time. Any government project would be welcomed in that area.

The other question concerns the new yard facilities. I think the minister made an announcement some time in September or October that it had been postponed until next year because of lack of funds.

Hon. Mr. Snow: Which one is that?

Mr. Haggerty: It's the one to replace the yard facilities at Gasline, east of Port Colborne.

Hon. Mr. Snow: A patrol yard?

Mr. Haggerty: Yes. It was up for reconsideration again in December as to whether they were going to complete the project or not. I would say this is one area that needs top priority because the building housing the equipment here now is like a barn.

Hon. Mr. Snow: We have an ongoing program of improving our patrol yards. We have had to delay some of them because of constraints. In cases where we can get by with the old facilities we are tending to do so in order to use the funds for actual highway

construction rather than putting the funds into buildings.

Mr. Haggerty: The reason I raise this question is that I was one of those unfortunate persons who spent two nights in the MTC shed during a snowstorm last winter. Because of the difficulties those employees had to encounter, I suggest there is definitely a need for a new facility. As I said, the building is like a barn.

Mr. Gilbert: There is no doubt that we agree a number of facilities should be improved and, as you know, we have been trying to replace these over the years. But we would have to get back to you, Mr. Haggerty. As the minister says, that part of our program is having to be reviewed in the light of the funds we are going to end up with. But certainly we will be doing the most high-priority projects.

Mr. Haggerty: There was no water there that you could drink. It's sulphur water. For almost 12 or 14 hours during that snow storm there wasn't water for anybody until it was brought in by snowmobile. And the other facilities are not up to the standards that they should be.

Mr. Gilbert: We could get back to you on that.

Mr. Haggerty: The other matter concerns the construction of the Ridgemount overpass on the Queen Elizabeth Way in Fort Erie. I have a letter here from Mr. Allen, the regional director there. My concern, and the concern of the Fort Erie council, is that in one of the first proposals for the construction of overpasses in that area, particularly at Ridgemount Road, it was supposed to be a partial cloverleaf. Now I find that it is just going to be a flyover. If I go back to the original proposals of the MTC, there was supposed to be a partial clover-leaf constructed there.

One of the reasons for our concern is that there are two quarries there, and this cloverleaf would have given them direct access to the Queen Elizabeth Way to take their stone to the cities of St. Catharines and Niagara Falls. Since the ban on quarry operations on the Niagara Escarpment, however, the industry has moved into other areas that are not restricted and now we find the heavy flow of traffic from these quarries is going to smaller communities such as Stevensville. Many of the residents are not too happy with those trucks pounding through the village at any time of day.

Hon. Mr. Snow: Which road is this?

Mr. Haggerty: Ridgemount Road.

Mr. Gilbert: That isn't affected by this summer's contract?

Mr. Haggerty: They are in the stage of constructing the flyover at that particular area. In one of the proposals back in 1960 or 1962 or something like that, when I was a member of the council, I remember that it was to be a partial cloverleaf, and that there was to be a slip road there so that they could come out on Ridgemount Road with their gravel trucks and have access to the Queen Elizabeth Way instead of going up through the village of Stevensville. And the quarry operations have increased their production. They are now in there working.

Hon. Mr. Snow: There's a contract under way now for the Black Creek Road interchange, northwest of Fort Erie, including underpasses at Ridgemount Road and Townline Road, an extension of Townline Road from Baker Road to the Niagara Parkway and the south service road from Bowen Road to Sunset Drive, and a pedestrian walkway between Black Creek Road and Townline Road.

Mr. Haggerty: That's right.

Hon. Mr. Snow: That is under way at this time. The contract was awarded in May of last year. But it is an overpass with some service road connections.

Mr. Haggerty: Look at that small map: Coming out on Ridgemount Road they would have to go over to Netherby Road and then back about a mile and there is still no way they can get on that flyover at Black Creek. They would have to go over to Baker Road; whether you've got any connections in there or not, I'm not quite sure. I think the flyover was put there on purpose. The dream was that they were going to put a bridge across Grand Island.

Hon. Mr. Snow: There is no cloverleaf shown for that location; just a flyover.

Mr. Haggerty: That's right. But in the original proposal, going back about 15 years, in the agreement with council there was to be a cloverleaf. In one of the proposals at that time by A. D. Margison Associates, a firm of consulting engineers that did a road study for the county of Welland and the township of Bertie, one of the criteria was that there would be a county road or a regional road where a quarry was located.

Mr. Gilbert: It's a wonder this didn't come up during the Municipal Board hearing. I assume we had to go to the Municipal Board.

Mr. Haggerty: I know you had a problem with one of the property owners, a Mrs. Baluk.

Mr. Gilbert: The name sounds familiar.

Mr. Haggerty: She made many trips to the minister's office before a final settlement was made. One of the reasons for taking her property at that time was to put in a partial cloverleaf. Before construction is completed, I think you should consider the statement of the town of Fort Erie and the chamber of commerce that there definitely is a need for a cloverleaf.

Hon. Mr. Snow: If there are those requests, when were those requests made?

Mr. Haggerty: I have a letter here of October 7.

Mr. Gilbert: Of this year?

Mr. Haggerty: Of this year. I brought the matter to the attention of the ministry last April or something. I could go back and get my notes and give you the date and whom I called on it.

Mr. Gilbert: It's very difficult, as you know, to add to a contract, even though this is a large contract. We don't like a lot of additions to it. All I can say is that we can review the correspondence on this. It's a wonder this didn't all come up at the Municipal Board hearing, which is usually just prior to the final construction. We can certainly review it.

Hon. Mr. Snow: I've had no personal contacts or calls from anyone regarding this.

Mr. Haggerty: This was done on proposals submitted to council for approval back in the early 1960s. I think council has taken it for granted that this would be included. They don't see the final contract.

Hon. Mr. Snow: I'm sure there must have been updated plans submitted to council. Our normal procedure with such a project is to review our plans with the municipality.

Mr. Haggerty: There may have been then.

Hon. Mr. Snow: We wouldn't be taking some plan that was submitted back in 1962 and not reviewing it with them 15 years later.

Mr. Haggerty: There could be some difficulties in the reconstruction of local government in the area when Bertie township and Fort Erie went into regional government. Some of this might have been lost in the shuffle.

Hon. Mr. Snow: But this contract would have been reviewed with the region and with the municipality prior to going to construction.

Mr. Haggerty: Maybe there's been an oversight. In any event, I would wish you'd consider it and take a good look at it.

Hon. Mr. Snow: In any case, that road is less than two miles. It's really only about a mile on the Queen Elizabeth Way from the other interchange.

Mr. Haggerty: You're going to create another intersection at Netherby Road; if you continue through there, that's going to cause some difficulties at the approaches to the other overpass or flyover. They'll have to cross that. If I understand the drawings, they've got a little sideroad going over to Baker Road which would allow them to get on to the Queen Elizabeth Way. That's a full cloverleaf, if I'm not mistaken.

Hon. Mr. Snow: Is this Highway 3?

Mr. Haggerty: No. That's the part that was Douglastown. I'll check it.

Hon. Mr. Snow: You've given me a map and I'll check it over.

Mr. Haggerty: I got that through Mr. Allen.

Hon. Mr. Snow: I presume you got that from my staff.

Mr. Haggerty: That's right.

Hon. Mr. Snow: It shows what is going to be done. It shows Netherby Road, or regional road 25, having a flyover as well.

Mr. Haggerty: That's right, and Ridge-mount.

Hon. Mr. Snow: I don't know the name of this road.

Mr. Haggerty: Bowen Road has a flyover too.

Hon. Mr. Snow: Bowen Road shows an interchange there.

Mr. Haggerty: They're doing some work there now. But that's backtracking from the quarry.

Hon. Mr. Snow: That may be. We'll review this in detail, but in all due respect, we can't put a new cloverleaf in at every sideroad because there happens to be a quarry there.

Mr. Haggerty: That was one of the criteria that was set up through ministry policy back in the 1960s, that where there were quarries and pit operators on a particular road it would be classed as a country road, which at that time received higher grants because of the weights of the vehicles.

Hon. Mr. Snow: But 15 years ago the financial constraints were a lot different than they are today.

Mr. Haggerty: You want to believe that. You check into that.

Hon. Mr. Snow: Fifteen years ago MTC got about 30 per cent of the total provincial

budget to build roads with. Today we get about six per cent. That's our financial situation.

Mr. Haggerty: There are other areas from which you can get revenue if you want to take a different approach to it.

Hon. Mr. Snow: There are?

Mr. Haggerty: I was one of those persons who was opposed to tolls on the Burlington Skyway and the St. Catharines Skyway for the reason that the government singled out the Niagara Peninsula. I'm suggesting that the number of tractor-trailers using our provincial highways today are not paying quite their share of the use of the highways. If they're using their vehicles in parts of the United States, they have to pay on a mileage basis.

Hon. Mr. Snow: They pay on a mileage basis in lieu of gasoline tax.

[11:00]

Mr. Haggerty: The person paying the tax today is the one who owns the tractor. The one who has the trailer is getting away with very reasonable transportation costs. We won't get into that, anyway.

Hon. Mr. Snow: The licence fee is on the power unit, yes.

Mr. Haggerty: Yes, that's right.

Hon. Mr. Snow: Trailers don't run down the highway by themselves. You have to have a power unit on the front of it.

Mr. Haggerty: Yes, but it was a smart move by the trucking industry; let's just put it that way. They allowed more brokers into it now and they're the ones carrying the load of paying the cost. That's my own personal view.

The other matter I want to discuss concerns the tunnel project in the city of Port Colborne.

Hon. Mr. Snow: I was sure you were going to bring that up.

Mr. Haggerty: Oh, definitely. I couldn't let this go by without mentioning it. I mean, it's been discussed now for some 10 years, I believe.

In 1965 or 1967 there was a resolution by the city of Port Colborne to adopt the engineering recommendations in a study by Damas and Smith. They accepted the proposal for a tunnel crossing the Welland Canal in the vicinity of Killaly street.

Almost every time a new council was elected in the city of Port Colborne, new views and new changes came about. Now we're discussing a third bridge.

There are a great number of citizens in

the city of Port Colborne who are opposed to a third bridge. They know full well that it's not going to solve the problem of getting vehicles across the canal. If I look at the proposals of the third bridge, I know it's not going to solve any problems there at all. You're going to have traffic travelling from the Clarence Street bridge down to the jack-knife bridge in the old village of Humbersone. The one they're talking about constructing at the south end of the locks will cause traffic to come together at one particular point. There will be no movement of traffic at all across that canal.

It may be a short-cut or an appeasement to some local politician, but it isn't going to solve the problem. I know the ministry is concerned about the cost, but the longer it delays construction of this tunnel, the higher the costs are going to escalate. The ministry has been doing it over the years. If you had jumped on the bandwagon back in 1967 or 1968 and said, "We're going to build it," you would have had the support of the two parties concerned, the St. Lawrence Seaway Authority and the federal government, and it could have been constructed.

The thought comes to mind that people are using it as a yo-yo, or dangling it on a string from one government to the other government, saying, "As soon as they make up their minds, we'll get on to the building of the bridge or the tunnel."

It's a cost-sharing program. I believe the agreement was signed back in 1970 or 1971 that all three parties would share in the cost of it.

Hon. Mr. Snow: I don't believe there are three parties. I think there are only two.

Mr. Haggerty: The St. Lawrence Seaway Authority is the one the federal government may be paying for.

Hon. Mr. Snow: The agreement on any of those tunnels, as I understand it, is between the St. Lawrence Seaway Authority and the province.

Mr. Haggerty: That's right. But then the federal government—

Hon. Mr. Snow: The St. Lawrence Seaway reports to the Minister of Transport.

Mr. Haggerty: So there are three parties involved in it. In a slow-growth area such as the city of Port Colborne and surrounding area, as it relates to the construction industry, I would suggest that you get on with building a tunnel.

Hon. Mr. Snow: I know. You've told me that before.

Mr. Haggerty: Well, I don't seem to be

getting through to you. I think the longer you stall it, the more it's going to cost.

Hon. Mr. Snow: I won't argue that point with you, Mr. Haggerty, but I just have to tell you we do not have the very large amount of money available—I don't think the federal government has the money available either—to proceed with the tunnel project at this time. I don't know whether we have an updated estimate of the cost of that tunnel, but we think it's in the neighbourhood of \$50 million.

Mr. Haggerty: It's up to \$50 million now, is it?

Hon. Mr. Snow: We haven't done a detailed update of the estimate because we know we can't—

Mr. Haggerty: Well, has the ministry looked at all—

Hon. Mr. Snow: If you don't want me to answer your question—

Mr. Haggerty: No, no. I am going to get the same answers as I got before, because you are talking about—

Hon. Mr. Snow: You don't want an answer. Why ask?

Mr. Haggerty: I don't think the minister is putting in a big enough effort to get it constructed. It is something that has been promised by this government for about 30 years. I can make you a bargain here today, although perhaps you wouldn't take it. I would suggest that, considering the high unemployment in the province of Ontario, this is a good time for the government to put in some money to build the tunnel in order to create jobs.

Hon. Mr. Snow: There are many major projects that we could proceed with to create jobs. There are many projects on our books that are being delayed—not only the Port Colborne tunnel.

I have met several times with councils from the region of Niagara and the city of Port Colborne, and with delegations from those municipalities, in the past two years. We agreed on an interim solution—and we recognize that it is an interim solution. A study was carried out and the recommendation was that we build a third bridge across the canal at a cost of \$4 million. That is a lot of money, but it probably represents the interest cost on the value of the tunnel for one year.

The communities involved came up with the proposal for the third bridge. They put it forward to us. They agreed that if the third bridge was built, they would be prepared to delay any consideration of the tunnel for a term of 10 years. We thought this was a very

reasonable proposal and that it would alleviate the situation for a 10-year period.

We discussed this with the St. Lawrence Seaway Authority—Mr. Normandeau, I believe, is the chairman of the authority—and we felt we had the full support of Mr. Normandeau on this proposal. The proposal was that we would share the cost—\$2 million from the province of Ontario and \$2 million from the Seaway Authority. We expected approval on that. We were almost sure we would get that approval. Then Mr. Lang wrote me a letter and said no.

Mr. Haggerty: "Federal Money for Two Crossings Unlikely." That's what the headline said. The federal government was saying you can't have both of them.

Hon. Mr. Snow: They said they were not prepared to go ahead with this arrangement. First of all, they said the 10-year deferment was not enough to convince them that they should contribute to a bridge. They also said that whatever funds they put into the bridge would be deducted from their share of any future tunnel. I didn't think that was reasonable, and the municipalities didn't either, because it's to their benefit, as much as it is to ours, to defer this \$50-million expense. Our agreement for the tunnel, when it is built, is 50-50; whatever interim arrangements have to be made to defer construction of the tunnel should be 50-50 as well.

Reluctantly, I reported back to the municipalities and sent them copies of the letter we had from Mr. Lang. We now have a new resolution from the municipalities saying they would agree to a 20-year delay in the tunnel if they can get the bridge. I think we have forwarded that to Mr. Lang. I intend to discuss this matter the next time we have a meeting. I haven't met with Mr. Lang this fall, but at our next meeting—and I am sure there will be one early in the new year—we propose to have this as an agenda item.

Mr. Haggerty: The third bridge will work to some extent if you provide another crossing at the weir; that's the old canal. That will tie in with Killaly Street, which is the third major street in Port Colborne.

Hon. Mr. Snow: I don't know the details of every street in Port Colborne but I know the technical committee that worked on this project had representatives from the city of Port Colborne, the region of Niagara and our ministry, and this bridge is the recommendation they came up with.

We or the Seaway Authority—whoever is going to do it—would have had the bridge under design right now. I understand that it's a two-year construction project due to the

shipping season. It cannot be built in one year. It would take a year to get the design completed and then during one construction season, when the canal was closed, they would build the abutments and all that, and they'd put the bridge in the following winter.

We even had it all scheduled as to how the bridge would be built. The municipalities knew this and realized that if we got approval of the bridge, it probably would take close to three years before it would be in operation.

We have given our commitment that we are prepared to pay 50 per cent and proceed with that bridge. We don't know whether Mr. Lang will look differently on it now that we have written to him and sent him the new resolution. We don't know whether he will look on it any differently now that the municipalities have agreed to the 20-year delay which was one of his points.

We still think the Seaway Authority should contribute 50 per cent and that it shouldn't be deducted from any future agreement on the tunnel.

Mr. Haggerty: As I said, the proposal for a third bridge at the south end will not provide any assistance in moving traffic across that canal, because you are putting all the traffic on that island and it will have to cross another bridge. If you load up all the traffic from the west side of Port Colborne on that island, you won't move any more than about 10 or 15 cars every time the bridge goes up or down—unless you provide another crossing at the south end of the weir canal.

Hon. Mr. Snow: Are you suggesting that we should not try to get an agreement with the federal government for this bridge?

Mr. Haggerty: I am suggesting that you can improve it. I can't see that your present proposal is going to be of much benefit to the city. All I am saying is that there's a way to improve it if you are going to take that route.

Mr. Gilbert: Certainly the mayor of the city is continually calling. He seems to be very strongly supportive of this, as is the region. As the minister has said, the technical committee came up with this proposal in the first place.

Mr. Haggerty: In the first place I can't understand the region's involvement in it, because the greatest number of people who are appointed to the public works committee don't have any idea what the problem is in the city.

Mr. Gilbert: The city of Port Colborne certainly strongly supports the proposal.

Mr. Haggerty: There are some who are going for it and there are others who are not.

Hon. Mr. Snow: I can only go by the official resolutions and delegations that come to see me.

Mr. Haggerty: This matter was brought up during the election, and the feeling of the people who were there was that the bridge would not solve the problem unless there was another connecting link on the other side of that island. I bring that to the attention of the minister so that he will consider it.

Hon. Mr. Snow: The technical group or the city has never mentioned another bridge to me.

Mr. Haggerty: Why would you propose a tunnel at that particular point when you are going to put in a bridge tying into Killaly Street, which gives you a third crossing on a major connecting link in the city? The traffic there does flow east and west.

I don't want to take any more of the committee's time. I have been on this topic for about 15 or 20 minutes, but I would ask the minister to consider that; and if he wants any further comments on it—

[11:15]

Hon. Mr. Snow: If you have a proposal to put forward, please do so.

Mr. Haggerty: Why don't you invite me to these meetings?

Hon. Mr. Snow: You've probably been at some of them.

Mr. Haggerty: No, I've only been at one because the city asked to have the meeting set up with the minister. I appreciate your concern on it but I don't get involved with the city.

Hon. Mr. Snow: If the city or region requests a meeting, they bring whoever they wish.

Mr. Haggerty: I happen to be elected by the people in that constituency. They are concerned about it and they come to me with their problems and suggestions. But the people from the region are not elected in that area and some of them don't have a clear understanding of the difficulties.

Hon. Mr. Snow: I welcome you to attend any meeting I have with them. If they set up a meeting, or request a meeting, if you are part of the delegation, you are quite welcome, but I don't tell them whom to bring.

Mr. Haggerty: I wish you'd consider that anyway. I see the deputy minister's eye on it anyway, so I can discuss it with him.

Hon. Mr. Snow: I'd like to know from you whether you are recommending that the bridge be cancelled, because one minute you say it will help and the next minute you say it won't.

Mr. Haggerty: It will help if we could provide this other crossing.

Hon. Mr. Snow: That has not been put forward to us that I know of.

Mr. Haggerty: Just following the basis of your predesign, the report on Highway 3, for the city of Port Colborne and Wainfleet of November 1975 still suggests the tunnel. All I'm suggesting to you is that if you really want to solve some of the problems of unemployment, then both you and the federal government should be constructing the tunnel. It will provide work for seven years, instead of some of these programs that are available now on an ad hoc basis, involving six months for three or four employees or something like that.

The construction industry is down. If you want to give that a boost or a shot, then get into building something like this. The longer you delay it, the cost is going to go up.

Hon. Mr. Snow: If that tunnel work had been set to go ahead tomorrow, I'll bet it would take two years before there would be one job created.

Mr. Haggerty: I don't know. I thought when you had something like this, you'd be into design proposals now.

Hon. Mr. Snow: Oh, no. We are not going to spend several million dollars on plans we cannot implement immediately.

Mr. Haggerty: There have been public hearings in the past on it already and they suggest that the route to go is the tunnel. I don't think we're going to solve the problem this morning.

Hon. Mr. Snow: Let me tell you, I haven't got \$50 million—or half of \$50 million—to put into that tunnel at this time.

Mr. Haggerty: You never will if you don't get down to it. If you are serious about unemployment, you'll do something. You have to go off the deep end sometimes to create employment. Go ahead. I'm generous.

Mr. Wildman: I have been waiting some time to discuss provincial roads, Mr. Chairman. Algoma is a large area and has a lot of provincial roads in it. At the outset, however, I would like to know if you can give me some indication or some direction as to the relationship between MTC and Northern Affairs, now that the new ministry has been set up.

Yesterday in the Northern Affairs estimates

we were given this book on the 1977-78 construction program of your ministry. We were told by the minister at that time that they are the co-ordinating ministry, the policy ministry if you like, in setting up priorities. When they determine what they think might be a priority, then they would get you people to do the studies on whether or not something is necessary—a road for instance. Then you would report back to them and they would decide whether or not your report was acceptable. If they did, they would direct you to go ahead and give you the money to construct it.

Is that the case? If my understanding is correct, whom do I talk to about the need for a particular traffic artery in my riding. Do I talk to MTC or do I talk to Northern Affairs?

Hon. Mr. Snow: First, let me try to explain some of the situations. The maintenance program is totally MTC. The Ministry of Northern Affairs has nothing to do with the maintenance of the highway system. The maintenance budget is totally within my ministry. Also our dealings with municipalities, in terms of municipal grants for roads, are all within the budget of my ministry.

The money for new construction in northern Ontario is in the budget of the Ministry of Northern Affairs.

Mr. Wildman: But you still do all the design work?

Hon. Mr. Snow: We do all the design work. We carry out all the alignment studies. We do all the assessment of needs and make recommendations to the Ministry of Northern Affairs as to what projects we think should be built and what the needs are. If there is a particular highway we think should be reconstructed within the five-year period, we would put that on a proposed program.

Mr. Wildman: What do they do?

Hon. Mr. Snow: The Ministry of Northern Affairs is responsible for setting priorities.

Mr. Wildman: What if you say, "We think these roads need to be resurfaced. We think a new road has to be built here. This road has to be reconstructed"? When you give that to Northern Affairs, I am wondering what happens. Do they just say, "Okay, MTC has told us these things should be done; therefore, we'll allocate this much in funds" and go to MTC and say, "Here, you've got these funds for your construction in northern Ontario"? Or do they say, "We don't agree with MTC on this; we think this road should be built and not that one"? If they do that, I would like to know on what basis they do that.

Hon. Mr. Snow: Our main recommendations to the Ministry of Northern Affairs would be on the maintenance or rehabilitation of existing road structure. Maintenance, as I said, is totally ours, but maintenance goes only so far. If we are going to reconstruct a piece of a particular highway, that comes out of the construction budget and we would make those recommendations.

If it is regarding a new alignment or a new major project, prior to the Ministry of Northern Affairs being involved in our program, my staff would put forward a package of projects that they would recommend doing. We would then set our priorities within the budget as to which one of those we could include this year and which ones we would have to put off until next year.

Basically, we do the same thing with the Ministry of Northern Affairs. We put forward projects which we feel should go ahead. The difference now is that the Ministry of Northern Affairs has the jurisdiction to set the priorities. They might say one job should go ahead of another.

Mr. Wildman: How do you feel about that?

Hon. Mr. Snow: I'd rather not answer that question.

Mr. Wildman: I figured so.

Mr. McClellan: It makes a mockery out of rational transportation planning, doesn't it?

Hon. Mr. Snow: I don't disagree with the fact that the Minister of Northern Affairs (Mr. Bernier), who is dealing specifically with northern Ontario, should not have some involvement in setting priorities for construction in the north, because in many cases construction of highways has to tie in with other developments.

Mr. McClellan: But he has control, not involvement.

Hon. Mr. Snow: I have no qualms at all about the Minister of Northern Affairs having involvement in setting the priorities for highway construction is concerned.

Mr. Wildman: I can give an example of how this can be a bit of a problem for the local people and for the local members. You probably will recall that around June 7 or 8 you made a statement that the situation in the Blind River-Elliot Lake area had changed and that MTC was going to review its position which was opposed to the construction and completion of Highway 555, the Granary Lake road.

Hon. Mr. Snow: I don't think we were ever opposed to the construction of that road.

Mr. Wildman: For 20 years it was stated, "It isn't necessary at this time."

Hon. Mr. Snow: Strictly from a transportation point of view, there were other higher priorities as far as our ministry was concerned.

Mr. Wildman: Okay. But you said you were going to review it.

Hon. Mr. Snow: For instance, we're spending \$3.5 million or \$4 million to upgrade Highway 108. We thought that was a higher priority than building the Granary Lake road.

Mr. Wildman: I understand that. But you made a statement—

Hon. Mr. Snow: But things change from year to year—

Mr. Wildman: Elections come along every now and then.

Hon. Mr. Snow: With the problems of Elliot Lake and the problems of developing new housing there, I said that if there's a decision that the housing should be in Blind River and the jobs at Elliot Lake then that puts a different light on the need for the Granary Lake road.

Mr. Wildman: Which is what I've been saying for two years. You made that comment just prior to June 9—

Hon. Mr. Snow: I'll make it again today if you like.

Mr. Wildman: I'll be glad if you do.

Since that time, since June 9, I've been trying to find out what's happening with that review. First, I phoned MTC in North Bay. They said this was dependent to an extent on the environmental hearings in Elliot Lake and on the decisions made by the Ministry of Housing in relation to that.

Hon. Mr. Snow: It's all part of a multi-development plan that Mr. Brunelle, the Provincial Secretary for Resources Development, is involved in. Housing is involved, Environment is involved, we're involved for transportation, Northern Affairs is involved. Until other decisions are made and the environmental hearings are over as to what's going to happen at Elliot Lake, I don't think a decision can be made on the highway.

Mr. Wildman: Okay. I accept that. You've just touched on the problem I'm leading up to. You said you supposed Mr. Brunelle was responsible. That's the problem I have. I went to the Ministry of Housing after I talked to MTC. They said that if it's shown that site 2A can't go ahead because of the radon problem, then you have to look somewhere else for housing, which means Blind River or Spanish. Blind River is probably more sensible as an alternative to Elliot Lake than Spanish would be, in which case it would make sense to have a road that led

directly from Blind River to Elliot Lake, which would only be 19 to 25 miles in length rather than the present 40 or so miles. That would make sense.

I said, "Fine, when do I find this out?" They said, "After the environmental studies are finished." I said, "Who makes the decision?" They said, "We will make a recommendation to MTC and MTC will decide." I went back and talked to MTC in North Bay, and they said, "Oh, no. We don't decide. Northern Affairs decides." I talked to Northern Affairs, and they said, "That depends on MTC's budget and our budget."

Hon. Mr. Snow: It's got nothing to do with MTC's budget. The money for all northern road new construction is in the Ministry of Natural Resources budget—some \$50 million.

Mr. Wildman: I then went to Rene Brunelle, and he doesn't know anything about it. I'd like to know where we're standing on that and who is responsible for making the decision on a new road like that. Is it Northern Affairs? If it is, then I'm going to talk to Leo Bernier this afternoon in Northern Affairs estimates. The Granary Lake road is needed, frankly, whether or not housing is possible in Elliot Lake. It's been asked for. People have been talking about the Granary Lake road for at least 20 years.

Hon. Mr. Snow: I can point out a number of other roads that have been talked about for 20 years.

Mr. Wildman: That's true. I'll admit that. But Blind River has a great deal of unemployment. It doesn't have industry. If there's a growth area in the region, not only Blind River but the whole of the north shore would benefit if there was a shorter route to the employment centre.

Hon. Mr. Snow: I won't argue with those points.

Mr. Wildman: At any rate my concern is, who is responsible?

Hon. Mr. Snow: To answer your question, for us to proceed to build that road, it would have to be put into the program by the Ministry of Northern Affairs.

Mr. Wildman: Okay.

Hon. Mr. Snow: The money would have to come from his budget.

Mr. Wildman: It's interesting that you didn't comment on whether you thought the present setup was a good idea. Without mentioning names, the gentleman I was talking to in North Bay apparently was quite exasperated, at least with his relationship with Northern Affairs. Maybe that's just be-

cause he feels that a part of his empire has been removed or something like that.

[11:30]

Hon. Mr. Snow: I wouldn't say that. The program that has been carried out under these estimates we're debating today was our program as established last year. There was little or no input from Northern Affairs other than that of northern members as in the normal course of any program because the ministry was only formed during the year.

Decisions on any major construction project have to be made about three years ahead because of the lead time needed to carry out studies, acquire property and do designs.

Mr. Wildman: So the announcements being made by Northern Affairs about resurfacing or reconstruction in northern Ontario are decisions that were made by MTC and just being funnelled through Northern Affairs. Basically it's a PR job. Is that correct?

Hon. Mr. Snow: The money is in Northern Affairs but the projects are being carried out by MTC—and they will continue to be carried out by MTC. Basically, Northern Affairs endorsed the program we had under way for last year. There was no way they could do anything different. If they did not like the jobs we had in the program, there was no way they could implement new jobs to replace them because they didn't have planning time.

Mr. Gilbert: I think, too, Mr. Wildman, this may explain why, as you said, some of our staff at North Bay were frustrated. As the minister has said, the Ministry of Northern Affairs was created less than a year ago and, quite frankly, it is taking time to sort out these things. But I think the exercise we've gone through in the past summer and fall in preparing the budget for next year is more or less leading the way. From our North Bay staff's point of view, a program will be put together for them, decisions will be made and they will have to prepare these jobs just as they've always had to prepare them in terms of planning, designing, and calling of the actual contracts.

Mr. McClellan: It doesn't make sense. Has Northern Affairs taken a bunch of staff from MTC?

Hon. Mr. Snow: No, no staff from MTC.

Mr. McClellan: So you continue to perform the transportation staff work for Northern Affairs but Northern Affairs will be making the transportation and planning priority decisions in the future. Is that correct?

Hon. Mr. Snow: They set the priorities. We present to Northern Affairs the program for next year. We're not talking about these estimates and that green book.

Mr. McClellan: We understand that. We're talking about the future.

Hon. Mr. Snow: These decisions are made some time ahead. We present them to Northern Affairs. This would be about last July, I would guess.

Mr. McClellan: Leo will go running all over the north offering people roads and then you guys will do the work and build them.

Mr. Wildman: It's happening now. He's announcing roads that have already been decided to be built by MTC.

Hon. Mr. Snow: We're all part of the same government, whether he announces them or I announce them.

Mr. Wildman: The impression being given in the north is that if we didn't have Northern Affairs, these roads wouldn't be built. Which is not correct.

Hon. Mr. Snow: We've always had a very active program of building roads in northern Ontario.

Mr. Wildman: I know you have. I'll admit quite freely we've had some differences between the ministry and myself, but I've received pretty good co-operation from MTC. I just hope it's not going to take longer for decisions to be made on new construction because you're funnelling your recommendations through another ministry and it's got to come back to you after consideration with directions on what to do.

Hon. Mr. Snow: I share your hope. We don't see any reason why it should. For the 1978-1979 program we submitted information and recommendations to Northern Affairs six months ago.

Mr. Wildman: Okay. This week, for instance, Leo Bernier made an announcement that the Highway 17 east from Sault Ste. Marie to Bar River would be resurfaced. Without getting into a long hassle about the problems between the Garden River Band and MTC, can you indicate to me what consultation, if any, went on after that meeting in May at the Sault between the Garden River Band and MTC or Northern Affairs on the negotiations for final settlement of a route through the reserve for the four-lane highway between Bar River and the Sault?

How does that relate to the announcement that MTC in the interim is going to resurface the present highway, especially after the demand in May that if the band gave the right

of way for that four-lane highway, they would want the present road to revert to the band?

Hon. Mr. Snow: I think I made the announcement when I was in Sault Ste. Marie that day. As I recall, I stated our intentions to proceed with resurfacing and paving the shoulders of Highway 17 through the band on our existing right of way. That is our right of way and it will remain our right of way.

Mr. Wildman: I don't debate it.

Hon. Mr. Snow: We have to be able to handle the traffic in that section. Our long-term plan, of course, is to build the new alignment. When the new alignment is built, I foresee a great change in the traffic on old Highway 17. I don't foresee it being turned over to anyone. It will still remain part of the provincial highway system.

Mr. Wildman: Are you continuing your negotiations with the band on the four-lane route?

Hon. Mr. Snow: Chief Ron Busseneau was in Toronto a while ago; he phoned my secretary and said he would like to come in and meet with me. Realizing he is not down here too often, I rearranged my schedule to be able to meet him. But on the day of the meeting he phoned and cancelled the meeting. So I did not meet with him.

Mr. Wildman: He was meeting with the Ministry of Natural Resources about something.

Hon. Mr. Snow: I don't know. I had arranged to meet with Chief Busseneau and he cancelled the meeting. But I think we have made significant progress with the band. In accordance with statements that day, the band has given us permission to do the soil tests at the river to find out where the bridge should be and whether we can change the river crossing location to meet their request. Maybe their location will be better than ours, but we can't tell until we do soil testing, and that is under way. Bill Neilipovitz, our regional director from Thunder Bay, has had numerous meetings with the band and I understand things have been going quite well. Is that right?

Mr. Gilbert: Yes. The last I heard the discussions are continuing.

Mr. Wildman: That's good.

Hon. Mr. Snow: What we want to do is settle the route—

Mr. Wildman: You won't be discussing money until you have determined your soil tests and what the route will be in compensation. Is that correct?

Hon. Mr. Snow: We are ready to discuss money at any time because the acreage is

basically the same. There is no problem with the Rankin Reserve.

Mr. Wildman: They have said there isn't.

Hon. Mr. Snow: We have also been consulting with the city of Sault Ste. Marie as to how to connect the highway, making the other connection down to old Highway 17 at the city's easterly limits and connecting with the second line, Black Creek Road. We have been working on all of those, and I think everything is falling together fairly well.

Mr. Wildman: What kind of time frame are you looking at now?

Hon. Mr. Snow: We will proceed as fast as these things can be brought together. We can't start on detailed design until the right of way is settled. Finding out that river crossing location, and finalizing the alignment through the reserve with the band, are the next two items that have to be done.

Mr. Wildman: Then money?

Hon. Mr. Snow: Then we will certainly be prepared to sit down and discuss money. Money is always a problem.

Mr. Wildman: It certainly will be.

Hon. Mr. Snow: There is a great argument as to the value of band land. You can appraise freehold land because it is on the market. But band land is never sold. Band land has no taxes. They say it is more valuable per acre because it is tax-free.

Mr. Wildman: What is the involvement of Northern Affairs in those negotiations? Mr. Bernier was at the meeting.

Hon. Mr. Snow: We will be carrying those negotiations. Northern Affairs doesn't acquire any property. The only way Northern Affairs would be involved would be if they were to say, "That is not on our priority list; put it off for 10 years."

Mr. Wildman: Then they would have some trouble with people east of the reserve.

Hon. Mr. Snow: It is on our program. In the meantime, considering the rest of negotiations, getting the land, getting the design done, and three or four contracts, I think there is in the neighbourhood of \$17 million worth of work. Is that right?

Mr. Gilbert: Yes. It is certainly in that neighbourhood.

Hon. Mr. Snow: That information is in my mind. I think it is \$17 million or \$18 million we are talking about for that total project. There will be three years of construction work right there, so it will be five years before that road opens, if things go well. In the meantime, we don't think we can live with the old highway as it is for five years. That is why we are revamping it.

Mr. Wildman: Have you had any reaction from the band about the announcement that there will be resurfacing of the present road?

Hon. Mr. Snow: No, I haven't. We have been consulting with the band about the resurfacing and we are going to put in, as I understand it—I haven't seen the design drawings—left-hand turn lanes for them at their village and at the park. We will do as good a job on that highway as we possibly can and make it as safe as possible within the right of way.

Mr. Wildman: As you know, the Ministry of Northern Affairs and a number of other ministries are very much involved in a proposed development in Hornepayne. I am just wondering if MTC is in any way involved in regard to your upgrading of Highway 631 to Highway 11. Are you involved in the group that is studying the whole development of Hornepayne? It is a little unclear as to whether the Ministry of Northern Affairs or TEIGA is the lead ministry in that development.

Hon. Mr. Snow: We haven't been involved directly in the new centre and what not at Hornepayne. We will be involved in roadwork if there is roadwork involved. We have some proposed work on Highway 631 in our program next year. We are involved with the airport. Under our airport program which we will get to in another vote, we have made some money available to Hornepayne to do certain work this year.

Mr. Wildman: Over the winter as well, I would think.

Hon. Mr. Snow: We are anticipating further funds in our budget next year for the Hornepayne airport.

Mr. Wildman: All right. I have some specific questions if no other members have things they want to raise. I have some specific questions on highways in my riding. I will go through them as quickly as possible.

First, you have run into some difficulty with myself, and with the municipalities involved, with your request for an increase in the speed limit on the completed part of the four-lane portion of Highway 17 east at the junction with Highway 548, which leads to St. Joseph Island. This is known in the area as the St. Joe Island turnoff.

Hon. Mr. Snow: I am not aware of it. What is the problem?

Mr. Wildman: It is my feeling there isn't enough visibility in the area. It is certainly the feeling of the municipalities in the area that they are not sure of the safety of the turnoff at the new alignment. MTC says it is safe but there are lingering doubts. They

have not got endorsement from anyone for their request of an increase in speed limit. As a matter of fact, the municipalities in the area have requested that the whole alignment be changed.

[11:45]

Hon. Mr. Snow: I thought it was good after the highway was built.

Mr. Wildman: Yes. I am just wondering what is happening with those requests and with those doubts. What is MTC doing? Are you planning to meet with the municipal officials in the area to discuss the whole situation and to try to resolve the controversy? It is quite a controversy.

Hon. Mr. Snow: I am not aware of any controversy. I am not aware of any plan to change the speed limit.

Mr. Wildman: It would be increased since it is now a four-lane highway.

Hon. Mr. Snow: That may be, but I would have grave doubts personally as to whether we should increase the speed.

Mr. Wildman: I agree with you.

Hon. Mr. Snow: Our staff is obviously dealing with it. We have only about four or five miles of four-lane highway there. Then it decreases to two lanes again through the reserve where there is a lower speed limit in part of the reserves. I have some doubts as to the advisability of increasing the limit until there is more four-lane highway there.

Mr. Wildman: I agree with you on that.

Mr. Gilbert: I think the gentleman you have been dealing with is our traffic engineer in Thunder Bay.

Hon. Mr. Snow: Technically, it is a four-lane highway and it qualifies for a 100 kilometre-per-hour limit. If anyone were to ask me my opinion, we should keep it at 90 kilometres per hour until a longer distance has been built. If it were 10 or 15 miles it would be different.

Mr. Wildman: I agree with you. It is the intersection we are concerned about.

Hon. Mr. Snow: I know we had some correspondence about the intersection. I know the configuration of the intersection has been changed, but I am told it has been for the better.

Mr. Wildman: I just think it would be useful if MTC would meet with the municipal officials who have written you letters. It is not just the municipality in which the intersection is located; there are the municipalities from St. Joseph Island and further east on the highway as well. They have all expressed doubts about it.

Hon. Mr. Snow: I had a letter from Mr. Rhodes on this as well. It has been brought to his attention. It was coming on to a two-lane highway before and now it is coming on to a four-lane highway. We have got to have a different design for the intersection.

Mr. Wildman: All right. I will leave it at that.

Hon. Mr. Snow: As I recall from the report I saw, if the intersection had been left as it was, they were very concerned that traffic coming off the St. Joe Island road would turn on to the wrong lane of the four-lane highway and end up like wrong-way Corrigan.

Mr. Wildman: All I am saying to you is that I don't think we will settle it here. I think it would be useful if MTC would meet with the municipalities about it.

Hon. Mr. Snow: I haven't had a letter from a municipality, to my knowledge.

Mr. Wildman: The Thunder Bay office has had letters.

Hon. Mr. Snow: I had letters from a couple of individuals which we replied to.

Mr. Wildman: St. Joseph township council, Tarbutt township council in which it is located, Laird township council, Johnson township council and Bruce Mines town council have all expressed opinions about it to MTC in Thunder Bay.

Hon. Mr. Snow: And they all want it differently probably.

Mr. Wildman: I don't know, but they are all concerned about it.

Hon. Mr. Snow: We will look into it; and if there have been any requests for a meeting, we will certainly meet with those councils.

Mr. Wildman: Two particular roads in my area are called highways. One is called 638, the other is 561. They lead north from Bruce Mines to the Ophir, Dunns Valley, and Poplar Dale areas. They are called highways, but I am sure if most people from southern Ontario ever got on them, they would never believe they were highways. They are up to about the grade of what would be called a county road in southern Ontario.

Hon. Mr. Snow: They are secondary highways.

Mr. Wildman: I'd say they were tertiary highways. At any rate, I would like to know what your long-term plans are for upgrading those highways, in particular, the area around the Thessalon River bridge on 638. Is that one-lane bridge going to be replaced and is the alignment leading to the bridge going to

be made safer so that school buses are not going to be sliding to a stop when somebody is driving across the bridge as they approach it?

Hon. Mr. Snow: We have recently had correspondence with the clerk-treasurers of the townships of Macdonald, Meredith and Aberdeen Additional.

Mr. Wildman: That's right; 638 starts in that township. You have done a little work on drainage and resurfacing of 638 in the town of Echo Bay, which is in Macdonald township. But what are your long-term plans for improving the grade on some of those hills and straightening it out a bit? Most important, the roads boards in the area have written letters about the Thessalon River bridge on 638. A petition was submitted to me which I turned over to MTC. They said they would study it and make a decision this year. I have been told by MTC in Thunder Bay that they have not yet made a decision on the Thessalon River bridge and that they didn't know when it would be made.

Hon. Mr. Snow: We have plans over the next two years to carry out two contracts on that road. I am told they include the Thessalon River bridge.

Mr. Wildman: That's good to hear.

Hon. Mr. Snow: I wrote to Mrs. Robbins on November 29.

Mr. Wildman: What about 561, leading into the same area from the other direction, from Bruce Mines? You have been doing some studies on upgrading the Bruce Mines end. However, you are going to keep a terribly sharp curve instead of trying to straighten it out. If you are going to reconstruct it and resurface it, why not straighten it out at the same time?

Hon. Mr. Snow: On Highway 17, from Bruce Mines northerly, we have 1.8 miles scheduled.

Mr. Wildman: Are you not going to straighten it? Are you just going to reconstruct and widen it around a very sharp, almost right-angle curve? I'll leave that with you for consideration.

I have just one other question, then I will yield the floor.

Hon. Mr. Snow: We have two contracts. One is total reconstruction of 1.8 miles, which will involve paving, drainage and so on.

Mr. Wildman: That's right. But you are not straightening it.

Hon. Mr. Snow: —and there will be another 4.2 miles of paving.

Mr. Gilbert: You have talked to our regional

staff and you say it isn't included in the design?

Mr. Wildman: I attended a meeting where the design engineer met with the Plummer Additional township council and the Bruce Mines town council to talk about their plans and what the municipal officials thought should be done. We have been talking about needing repaving and reconstruction of that road for a long time. He indicated that although they were going to widen it, and would need some property along the side, they were not intending to straighten it because it would cost too much.

Mr. Gilbert: Mr. Wildman, you have to keep in mind that traffic volume is awfully low on these secondary roads.

Mr. Wildman: That's true. Their condition keeps the volume low.

Mr. Gilbert: We agree with you that a number of those roads should be improved. What we have been trying to do is to have a continuous program to improve a lot of secondary roads throughout the province. But if you build them to a very high standard, you are going to cut down on the number of miles that can be improved. This goes back to what we were talking about yesterday; what we have tried to do in at least part of our program is to work on a number of those secondary roads. I couldn't agree with you more. When I was in Sault Ste. Marie district 20 years ago, the Dunns Valley road was bad then.

Mr. Wildman: It hasn't improved a helluva lot since then.

Mr. Gilbert: We have been trying to spend some money, but these roads will not be to the same standards of some of our King's highways. I think you will agree we just can't build them up to those standards.

Mr. Wildman: Obviously not. But you said they were up to the standards of country roads; it would be nice if that were so.

One other question on Highway 17 north, concerning the Montreal River hill, where extensive studies have been carried out by MTC for some time now: Are you satisfied with your maximum signing the change in widening the pavement a bit and the warning signs you've put up? There haven't been any fatalities, I understand, since that was done. Are you now satisfied that piece of road is safe and it won't be necessary to have a complete realignment? Or are you still considering changing the route of the highway in that area?

Mr. Gilbert: In fact, I haven't heard one complaint about that since we carried out those changes.

Mr. Wildman: No, that signing is very effective.

Mr. Gilbert: As I recall, the plan we came up with satisfied the community as well as ourselves.

Mr. Wildman: Oh, yes, it does.

Mr. Gilbert: They welcomed staying on the present alignment.

Mr. Wildman: The only person who's a little bit unhappy is the person who drives the school bus. Everybody else is in favour of it.

Hon. Mr. Snow: I've found out we'll never make everybody happy.

Mr. Gilbert: Recognizing the demands on funds, as long as it's working well, we're not going to go in and start changing it.

Hon. Mr. Snow: We're not going to go in and spend a lot of money.

Mr. Wildman: The community would like to know for the future. There are some businessmen who want to expand their businesses. They are highway-oriented businesses and they don't want to go ahead and expand only to find that the highway's not going to be there.

Mr. Gilbert: We hope to remain where we are. As long as it's working as it is now, we certainly won't be contemplating changing it.

Mr. Wildman: Good. Thank you very much, Mr. Chairman. I hope that MTC will consider the things I've raised.

Mr. Chairman: We have three committees sitting this morning. It's causing some difficulties with respect to members who have other responsibilities on other committees. Mr. Philip, the critic for the NDP for MTC, is one of those. He chairs the administration of justice committee, which is sitting this afternoon. He asked if he could come next on the list. Mr. Hall was next, but he has consented to let Mr. Philip come on ahead of him. I'm wondering, in view of the time pressures with which Mr. Philip is faced, if the committee would agree to sit until 12:15 and then come back at 1:15, which is an adjustment in our time schedule. Agreed?

Some hon. members: Agreed.

Hon. Mr. Snow: I think that's all right, Mr. Chairman. I have to go to cabinet. I have some matters I have to deal with in cabinet. I told them I'd be there between 12 and 1. I don't imagine 12:15 will make much difference.

Mr. Philip: I appreciate that from members of the committee, and from the chairman and the minister.

After having so many areas on which the

minister and I seem to have agreed during these estimates, it seems a shame to bring up the last item. I'm going to deal with an item on which we'll probably have less agreement. I'm talking about the Highway 406 extension in St. Catharines. According to the ministry's estimates, the cost of the Highway 406 extension in 1967, as I understand it, was \$60 million. This was then scaled down to \$28 million in 1974. With the increased inflation rate, it's probably now well over \$40 million. What is the minister's estimates of the present cost of that extension?

Hon. Mr. Snow: I don't know. We have one contract under way down there right now.

Mr. Gilbert: We'll have to add it up for you, Mr. Philip.

Mr. Philip: Is it not fair to say this is probably the shortest and most expensive highway in the province at the moment, considering the amount of money you're spending on it?

Hon. Mr. Snow: No, I wouldn't say that at all. Approximately \$33 million, I believe, is the figure.

Mr. Philip: It would be interesting to break that down by mile and compare it with what other highways are costing. Perhaps you can find that information and simply read it into the record this afternoon. If that is okay with the minister, we can move on.

Hon. Mr. Snow: We have nine different contracts involved in completing this. Of course, part of it is the major interchange at the Queen Elizabeth Way.

Mr. Philip: But you must have some projected costs by now.

Hon. Mr. Snow: The total is \$33 million.

Mr. Philip: How would that compare with other expressways or highways?

[12:00]

Mr. Gilbert: It's very difficult to compare Highway 401 out here and Highway 402 in London or what have you. There are an awful lot of structures, as you can appreciate, on Highway 406. It is like Highway 401. If you're crossing Highway 402 in the London area there are very few interchanges—fewer structures—in comparison to this other highway. In a way it is like attempting to compare apples and oranges to try to compare the cost of reconstructing Highway 401 here and in the more rural areas of the province.

Mr. Philip: During this time of restraint, it seems to me, the money we are spending

on that project probably is more urgently needed in other areas. How does the minister reconcile his present reasoning, that the highway will promote major development above the Niagara Escarpment, with the statement in the Niagara-Erie transportation study that major development will take place below that Escarpment?

Hon. Mr. Snow: I don't know the date of that Niagara study. There has been a considerable change in philosophy in the Niagara fruit belt over the past two years, as I'm sure you're aware.

Mr. Philip: All right. I will approach that same problem from a different angle. Why does the minister believe that the Highway 406 extension, which cuts through the fruit land below the Escarpment, will encourage development above the Escarpment and not at the same time create development below the Escarpment?

Hon. Mr. Snow: Development will have to be controlled by zoning, which responsibility doesn't come under my ministry. The Queen Elizabeth Way is the major spine or transportation artery in the Niagara Peninsula. We must connect to the the Queen Elizabeth Way to get a major artery through to service the area south of St. Catharines and to get through to Thorold and Welland. We have this missing link which we feel must be completed.

It is my opinion that development will take place on top of the Escarpment on less valuable land than the fruit land. Development that might have taken place in normal circumstances on fruit land will not be allowed to take place. That will create development on the north, on the top of the Escarpment. This highway will accommodate that development.

Mr. Philip: I wish I shared the minister's optimism, but the record of this government in this regard has not been all that good over the years.

Hon. Mr. Snow: I wouldn't share that statement with you.

Mr. Philip: I didn't expect you would. I think the disappearance of prime farm land invariably has followed the construction of highways. Usually the rezoning comes after the major highway goes through, or often even accompanies it at times.

What are the benefits? Why does the minister consider a traffic relief of only 6.6 per cent on the city streets is sufficient for spending \$33 million, a figure he just quoted me, when this traffic relief will not result in any saving on street widening costs?

Hon. Mr. Snow: Who is saying that?

Mr. Philip: The local municipal politicians, I understand, are saying that. Some of the residents in the area are saying that too. The 6.6 per cent is a figure you've admitted, is it not?

Hon. Mr. Snow: Not to my knowledge. I met with a delegation three weeks or so ago.

Mr. Philip: The last time you met with them, I believe, was on November 14.

Hon. Mr. Snow: I said three weeks. Are you going to make me out as a liar for two or three days?

Mr. Philip: No, I'm not making you out as a liar. Somebody who makes someone out as a liar gets thrown out of the House, as we discovered last night.

Hon. Mr. Snow: Well, I did meet with a delegation from St. Catharines. I heard their position. I heard their brief. We considered their brief and I have replied to them. I've also had correspondence from the city of St. Catharines and the regional municipality of Niagara.

Mr. Philip: Okay. I don't think we're going to solve this. I suspect you're going to pursue this highway in the location in which it is, anyway. I think that's unfortunate. So many alternatives were suggested to you, and I don't think you've given them consideration.

Hon. Mr. Snow: There's one alternative that comes up in every consideration, and that is do nothing.

Mr. Philip: That wasn't the alternative. With all respect, Mr. Minister, you know as well as I do, that was not the alternative the residents in the area and some of the local aldermen proposed to you.

Hon. Mr. Snow: At St. Catharines council a motion put forward to ask for a review of the project was defeated.

Mr. Philip: It was defeated by one vote, which was the vote, incidentally, of the mayor. The vote of six to six, with the mayor breaking the tie vote, was held on October 23.

Hon. Mr. Snow: That was a vote for a review. I have a feeling if there had been a vote for cancellation of the project, it would have been somewhat different.

Mr. Philip: That's conjecture.

Hon. Mr. Snow: It's very easy to vote for the review of something.

Mr. Philip: The fact is, constructive proposals have been offered to you. I tabled a series of questions that covered a page

and a half of the order paper, or something close to that, and I'm not convinced you've looked at the alternatives.

Hon. Mr. Snow: Every alternative has been reviewed.

Mr. Vice-Chairman: Are you finished, Mr. Philip?

Mr. Philip: Yes, I think I'm finished. I don't think we're getting anywhere.

Hon. Mr. Snow: I think we can break for lunch then.

Mr. Vice-Chairman: In view of the time, we will break for lunch.

The committee recessed at 12:07 p.m.

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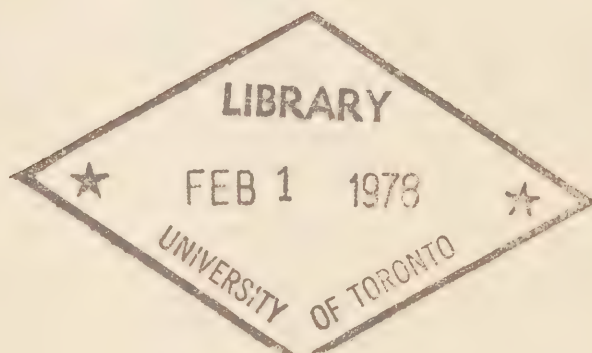


Legislature of Ontario Debates

Official Report (Hansard) Daily Edition

General Government Committee

Estimates, Ministry of Transportation
and Communications



First Session, 31st Parliament

Wednesday, December 14, 1977

Afternoon Sitting

Speaker: Honourable John E. Stokes

Clerk: Roderick Lewis, QC

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LEGISLATURE OF ONTARIO

WEDNESDAY, DECEMBER 14, 1977

The committee resumed at 1:15 p.m.

ESTIMATES, MINISTRY OF TRANSPORTATION AND COMMUNICATIONS (concluded)

On vote 2504, provincial roads program:

Mr. Chairman: Mr. Kennedy had one quick question, I believe.

Mr. Kennedy: Yes. I would like to thank the speaker for standing down. One quick question: Could I be informed of the status of the extension west of Highway 403 through Mississauga and so on to Oakville, the Credit River bridge part of it, and also when the cloverleaf at the Queen Elizabeth Way and Cawthra will commence construction?

Hon. Mr. Snow: On the 403 contract, as you know, Mr. Kennedy, one contract was awarded this past year for six or eight structures at 401. That is nearing completion at this time. We have planned for next year a major contract from 401 south into Mississauga. First of all, there was another contract relating to the 403 that is almost completed as well, which is the two bridges and the tying together of Mattson Road south of the 401, which ties the Second Line to the First Line, I believe it is. So two contracts were awarded this year.

A major contract next year will cover from 401 south almost to Eglinton Avenue for the actual highway. Also, late this year or very early next year we will be calling the bids for the Winston Churchill cloverleaf on the Queen Elizabeth Way at the Mississauga-Oakville border. That cloverleaf has to be constructed before 403 can start from the south end, because that will provide access to the Queen Elizabeth when the Ford Drive interchange has to be removed. That, I believe, is scheduled to go to tender in January or February, and will start in the spring and presumably be completed next summer.

Later on in the year there will be another tender called for some bridge work at the south end, at the Oakville end. Then the plans are to work continuously from both ends towards the middle and the final con-

tract will be the one that crosses the Credit River. So the Credit River crossing is the final one.

Really, the reason this is planned that way is mainly due to delays that we had a year or two ago in deciding the alignment through Mississauga at the Credit River when we were awaiting the parkway belt hearings and the decision of the parkway belt. Those decisions have all been made now. The alignment is finalized and we are proceeding with design on basically the whole project, and will be continually working from both ends towards the middle, but working from the north end down.

Once we get down to Eglinton, for instance, that portion of it can be used. Once we get around to Highway 10, that will give another connection from Highway 10 up, somewhat the same from Oakville up through. Once we get up to Erin Mills Parkway, then the Erin Mills Parkway plus the portion of 403 will give another link up through to 401.

So the different parts can be put into service partially as they are completed, but the total facility won't really serve its full purpose until that last link across the Credit River is completed.

Mr. Kennedy: And the Cawthra Road cloverleaf?

Hon. Mr. Snow: The Cawthra Road cloverleaf is scheduled for next year's program.

Mr. Chairman: Mr. Hall, you've had a tough time, but you're next.

Mr. Kennedy: Thanks very much.

Mr. Hall: I would like to ask the minister about the funding to Niagara region for improvements to what used to be called No. 8 Highway in the area west of Grimsby into St. Catharines. At the same time, I have to say it's really a shame that, in your agreements with the region, you let them change the number of that highway. It has caused a great amount of confusion. It was their doing, I understand that.

Hon. Mr. Snow: That would be in vote 2507. If it is funding to the municipality, it would be in the municipal roads program.

Mr. Hall: Have we passed that now?

Hon. Mr. Snow: No, it is coming up.

Mr. Hall: You treat that as a municipal road.

Hon. Mr. Snow: If it has been reverted to the region, then it is a municipal road and it is out of our control. We would fund it on a subsidy basis rather than a direct contract, as we do on provincial roads.

Mr. Hall: Having to do with the regional agreements made in Niagara when those roads were turned over, was there a special arrangement made to fund the reconstruction of No. 8 Highway? Historically it had been a provincial road.

Hon. Mr. Snow: Normally those roads have been upgraded before they have been reverted. If they haven't been—

Mr. Hall: This one has not.

Hon. Mr. Snow: If they haven't been then they would be. It won't even be shown on this map as a highway now if it has been reverted, I guess. Where does it run?

Mr. Hall: Old No. 8 Highway, of course, runs a lot of places, but in the area I am interested in, it runs from Hamilton to St. Catharines and it parallels in most respects the QE.

Hon. Mr. Snow: Is that County Road 81 now?

Mr. Hall: Well, it is now called Regional 81, yes. But for 100 years it was No. 8 Highway.

Hon. Mr. Snow: Tom Smith, would you like to make any comments on this?

Mr. T. G. Smith: Only that with this and a number of other sections of highway within the region of Niagara that were transferred to the region, the ministry determined with the region the degree of deficiency for the cost to improve these roads. Then the region was given the money as part of its allocation. The priority, the decision on where the money was to be spent, when it was to be spent and so forth, was left with the region.

Mr. Hall: Are you saying, Mr. Smith, that they have been given the money?

Mr. T. G. Smith: Yes.

Hon. Mr. Snow: Were they given it as a lump sum?

Mr. T. G. Smith: It was eventually spread over five years. I believe this is the last year. We did not require them to spend that money specifically on those roads. What we in a sense did was compensated for the additional responsibility that they took on.

Mr. Hall: The condition, of course, prior

to reaching the regional boundary, is that it has been an improved road going through the Hamilton-Wentworth region to the old Lincoln county line. Since then, from that point east, it has needed improvement and not enjoyed improvement for some time. I wanted to understand what the funding arrangements were with the region. I understood the responsibility was theirs, but I didn't know whether they could do the work and pass the cost on to you whenever they did it, or whether this was part of the capital funds that they now have to address their own priorities to.

Hon. Mr. Snow: In some cases when we transfer highways to the municipality, we agree to rebuild and resurface them or bring them up to a good regional road standard and then transfer them on that basis. Perhaps the road doesn't need that kind of work yet or maybe the region has other priorities. As Mr. Smith has said, an agreement was reached with the region on the amount of money that would be needed to bring that road up to standard, that and other roads that were transferred, and then that money was added to its grants over a five-year period. This coming year is to be the last year, I understand. So they would set their own priorities. If they are using that money to build other roads that are a higher priority to the region, they have their right to do that.

Mr. Hall: How would you determine which roads are turned over? For example, you did not turn over Highway 20 and yet you turned over Highway 8.

Hon. Mr. Snow: It would be by agreement or negotiation with the region, but Highway 8 is a parallel to the Queen Elizabeth and the Queen Elizabeth is really serving the provincial highway function of connecting as the through artery in that area.

Mr. Hall: I would like to point out to the minister that the matter of continued growth of traffic, and therefore road width and what-have-you of the Queen Elizabeth Way in that area, is a cause for some concern. We are not exactly enchanted with it down that way because it is a corridor through and acts far more in that capacity than as a service to the area for which it was provided. As a matter of fact, by necessity it has caused a great deal of property dislocation, as you can appreciate, when they put a major road like that through there.

Hon. Mr. Snow: You mean the Queen Elizabeth?

Mr. Hall: Yes.

Hon. Mr. Snow: It's been there for some period of time.

Mr. Hall: I'm aware of that, but it's also been expanded several times, as you know, Mr. Minister. I believe your 1976 transit study in the area indicated you felt there was no purpose in expanding Highway 20 because nothing would eliminate the need to expand the Queen Elizabeth Way. Is this still the circumstance? Do you not intend to improve any other roads in the Peninsula on an east-west basis while maintaining plans to expand the Queen Elizabeth Way?

Hon. Mr. Snow: We really don't have any other east-west roads in the Peninsula.

Mr. Hall: Well, Highway 20 is—

Hon. Mr. Snow: Highway 20 goes down the centre, yes.

Mr. Hall: That's one and you gave up the other one; you gave up No. 8.

Hon. Mr. Snow: There are no immediate plans for the widening of the Queen Elizabeth, although widening it to six lanes is an option and can be done in the future.

Mr. Hall: What was the proper name of that 1976 study?

Hon. Mr. Snow: The Niagara-Lake Erie Transit Study.

Mr. Hall: Niagara-Lake Erie. It's been some time, but as I recall, it suggested that you not upgrade Highway 20 to any great extent and not attempt to make it a more major road. You anticipated that the future would require improvement of the QEW.

Hon. Mr. Snow: Yes, that's possible.

Mr. Hall: And this is still the long-term projection?

Hon. Mr. Snow: The QEW can be widened, on the existing rights of way when the traffic volumes make it necessary.

Mr. Hall: Well, it's two lanes now each way and could be—

Hon. Mr. Snow: It would be three lanes each way, as it is in other areas.

Mr. Hall: Yes.

Hon. Mr. Snow: But we don't have anything in our five-year plan to do that.

Mr. Hall: I'd like to make a point right now in connection with the preservation of agricultural lands, particularly the north shore lands of the Peninsula. This has received a great deal of publicity in the last two years. The cabinet has taken the position that those lands should be preserved and has suggested that taking the pressure off development of those lands would assist

in the southward movement of population and industry.

I am looking for something that would suggest willingness by the government in fact to take that pressure off. The 1976 Niagara-Lake Erie Transit Study said they would not do anything on Highway 20. Since this subject of preservation of more unique lands on the north shore has become more important, I am wondering whether it is wise to widen the QEW, to put more traffic on it, and not to improve Highway 8 or Highway 20?

Hon. Mr. Snow: Highway 8 is not our road now. Before my time as minister, there was apparently an agreement for funding between the regional council and the ministry. So any work that is to be done on old Highway 8, now Regional Road 81, and the numbering of it, would be outside our jurisdiction. They could have called that Regional Road 8 if they had wished to maintain the same number.

Mr. Hall: But if you're looking for ways to keep your traffic load down on the QEW, these are valid points.

Hon. Mr. Snow: I would think that since that Niagara-Lake Erie transportation study was completed two years ago, there has been a change in emphasis on the fruitland and on the pattern of development in the Niagara region. With what I sense to be the pattern in the future, there will be at least the possibility of development south of the Escarpment rather than north of the Escarpment.

Mr. Hall: Provided there are facilities.

Hon. Mr. Snow: Yes.

Mr. Hall: It is beyond the financial ability of the region to provide such facilities.

[1:30]

Hon. Mr. Snow: That may be. I envisage—and this is certainly not government policy at this time—the possibility of another east-west corridor through the Niagara Peninsula. This would have to be the result of an update of that study and consideration would have to be given to it by the regional officials as well as ourselves.

Mr. Hall: I can't—and I would imagine it would be hard for you—I can't envision just when that would happen because it must be a few years down the road.

Hon. Mr. Snow: It's not going to happen overnight. But I did spend one Sunday driving along those roads in the Niagara Peninsula—I drove down Highway 20 from Hamilton right down to Niagara Falls—and Highway 20, to me, is like most other highways

of that vintage. It has a lot of built-up areas, a lot of small villages and little communities, corner stores and bends and turns that would make it very difficult to turn it into a major corridor or a major traffic artery. Would you not agree with that?

Mr. Hall: Comparing it with the Queen Elizabeth Way, certainly it can't ever come up to that calibre of road with the configuration that it does have. But the good thing about Highway 20 is that it is on top of the escarpment. It is in a more central part of the Peninsula and does not create this continuing load on the Queen Elizabeth Way. As you proceed with the 406 connection, you're in traffic flow doing everything you can to put all the vehicles on the Queen Elizabeth Way. That's my impression at any rate.

Hon. Mr. Snow: I have looked quite a bit at the problems that may be down in the Niagara Peninsula. You have the 406 north-south corridor which is going to be completed over the next three to four years through to the Queen Elizabeth. Farther west, you have the old Highway 6 corridor from Hamilton to Nanticoke; it is proposed this become a four-lane, controlled access highway eventually. You have those two major corridors running north and south.

There may be the necessity for a mid-Peninsula corridor running east and west, on a new alignment, but this would take a great deal of consideration and study. It's certainly not in the ministry's plans or under consideration at this time. The possibility of widening the Queen Elizabeth would have to be weighed against the development of a new corridor. We'd certainly have to know more about where in the Niagara Peninsula the development is going to go.

Mr. Hall: It's partly a problem of whether development follows services which I essentially feel it has to. It can't precede them in any way shape or form. Inasmuch as the determination was made by cabinet last February that the fruitlands would be preserved, in my view this should cause a new look at options to get the traffic off it. And this is the stress that I want to make.

I grant you that if there were no considerations about the north shore traffic, possibly the QEW would make the best sense with Victoria Avenue—which is now Regional Road 24—and others feeding into it. The people in Niagara are told that their industrial or residential development has to be in the south, yet the tools to achieve growth seem very hard to come by. This is the problem.

Hon. Mr. Snow: I agree with your view

that services or transportation facilities should lead development rather than follow it. Unfortunately, we don't have that kind of funding available to us today. We have to use our funding in the highest priority locations to meet demand that's already there, rather than building infrastructure to meet future demand. I don't necessarily say it's the best planning from a transportation standpoint. I know it isn't. It's an economic reality in this day.

Mr. Hall: I do suggest to you that a commitment was made to assist in the diversion to the southern part of the Peninsula at the same time that the decision was made to freeze and protect and preserve the northern part of the Peninsula. You can't do one without the other or the Niagara Peninsula will stagnate by having no options open to it.

I would have to feel that you're glad you made the deal to give money to the regional Niagara council over a five-year program. Now they've got the problem and they've probably spent the money on trying to wrestle their priorities. I suspect that highway is not going to be improved for a long time. It's just the way of the times.

Hon. Mr. Snow: I would appreciate the opportunity to sit down with you some day and to discuss this whole area, to discover your views as a local representative as well as the views of other representatives from that area.

Mr. Hall: Thank you very much. I'd also appreciate the opportunity.

Driving on the Queen Elizabeth Way as I do quite frequently, I receive local pressure inquiring about the cost per mile of filling in the median and of constructing barriers. I've discussed this with you in the House, I believe. The crossover accidents are high in the minds of the people of my riding because they do occur. The median is not that wide and the potential seems to be there. I get this thrown at me.

Hon. Mr. Snow: If someone could tell me what the Armbro contract on 401 amounted to, we could give you a pretty good idea.

Mr. Adcock: That's about \$10 a foot.

Hon. Mr. Snow: The barrier itself is about \$10 or \$12 per linear foot.

Mr. Hall: I'm talking about storm water drainage, land fill, paving, barrier—

Hon. Mr. Snow: We awarded a contract this summer for a section of Highway 401 from the First Line east of Highway 10 to about a mile past Mississauga Road at about \$1 million a mile. That includes widening. That includes filling in the median, paving the shoulder and adding another lane.

Mr. Hall: Adding another lane to the paved shoulder that used to be median?

Hon. Mr. Snow: The situation I'm talking about is on Highway 401 where it's a four-lane highway, very much similar to the Queen Elizabeth Way, where you have two lanes in each direction. First of all we paved the shoulder on the outer edge to allow traffic to use that during construction. Then we excavated the median, we put in storm sewers and manholes and filled in the median with gravel. We added a new lane of travel surface plus an interior paved shoulder and the median barrier. This is basically converting a four-lane highway to six lanes with the median barrier. This is similar to what exists in Niagara Falls.

This was quite a straightforward section on 401. It cost about \$1 million a mile to do that, and that includes resurfacing the highway. That would be more expensive than what you're talking about, just filling in—

Mr. Hall: Just stopping the possibility of fatalities by crossover.

Hon. Mr. Snow: We can put the new three-cable guide rail down that median without doing any reconstruction, without adding any lanes or without adding any drainage.

Mr. Hall: It would have to be on high posts because of the conformation of the land in the median.

Hon. Mr. Snow: I don't know about that, because if the car leaves the road it follows the land.

Mr. Hall: I see.

Hon. Mr. Snow: What would be the cost per linear foot?

Mr. Adcock: Somewhat under \$10 a foot, for the double siding.

Hon. Mr. Snow: About \$10 a foot just for the cable guiderail down the middle.

Mr. Hall: Is that a satisfactory arresting barrier?

Hon. Mr. Snow: That would be \$50,000 a mile, approximately.

Mr. Gilbert: We are looking at that area off the QEW.

Mr. Hall: You're considering it now. I wanted to ask whether your ministry keeps track of crossover accidents and fatalities. You know the frequency of occurrence in a given stretch of road, do you?

Hon. Mr. Snow: We record every accident.

Mr. Gilbert: We have a record.

Mr. Hall: Then I gather, because you're looking at it seriously now, that you too

are concerned about that particular stretch of road?

Mr. Gilbert: That's what I'm saying. We are looking at that whole area and the possibility of improving it. I don't know how far advanced we are. Do you?

Mr. Adcock: We're doing some more every year.

Mr. Gilbert: The idea would be that we would do some every year.

Mr. Hall: As the quality of life has been getting better, sound pollution has become a more important factor in recent years. I guess it's not necessarily your ministry but the Ministry of the Environment which has been recommending sound attenuation devices such as earth berms.

Hon. Mr. Snow: We're involved in that too.

Mr. Hall: This is part of your requirement on subdivision approval is it?

Hon. Mr. Snow: The new policy that we now have on noise from major highways is where we're widening or building a new highway addition to a residential area, we put in noise barriers as part of the construction project. We also have a program of putting up noise barriers in certain high noise areas on a phased program over a number of years on highways already in existence.

But where new development is being built adjacent to a thoroughway, the developer will have to put up the noise barriers as part of his development costs, the same as putting in sewers, roads, and so on. If he's going to build houses next to an expressway the developer should provide that and not the taxpayer, whether it be berms or whatever the appropriate solution to that particular problem.

Mr. Hall: Have you found something that's adequate as berms? Berms are expensive and take up a lot of land and, in many areas, it's very hard to get the mass of fill you require. Are there other devices that are equally satisfactory?

Hon. Mr. Snow: We're using a new steel fence. We have it in several sections around the 401. About a mile of it has just been completed on the south side of 401 in the Dixon Road area; I don't know whether you've noticed it or not. Some has been built this summer on the Ottawa Queensway. Some has been built previously on the 401 east of the Don Valley Expressway. That is working fairly well. We've done a lot of research with different types of barriers and that seems to be the one that is working best.

Mr. Young: Is it more effective than the old psychological barrier?

Hon. Mr. Snow: How do you mean, Fred?

Mr. Young: With the original barrier, we found there wasn't very much abrasive sound. It was more psychological.

Hon. Mr. Snow: These are giving much better results on noise, privacy, dirt, dust, salt, pedestrians—all the different evaluations. We've done tests before and after. We have talked to residents before and after about what the benefits were and the tests seemed to be of considerable benefit to them.

[1:45]

Mr. Young: It's lowered the decibel level by—what?—three or four per cent?

Hon. Mr. Snow: A five decibel reduction, I'm told.

Mr. Young: Instead of two.

Hon. Mr. Snow: It won't necessarily work the same in every location. I think we have identified 27 noise problem areas on the freeway system and have then assessed these as to the degree of noise and to the benefit that will be received from a barrier. We now have a program of \$1 million a year that we've put into our budget for noise barriers in existing areas.

Mr. Young: They make people much happier even though they may not cut the noise completely.

Hon. Mr. Snow: We are getting a reduction in the noise level and a reduction in other problems as well, as I've mentioned—privacy, dirt, dust, and people climbing into your back yard wanting to use your phone when their car has a flat tire, and things like that.

Mr. Hall: How high are these barriers, Mr. Minister?

Hon. Mr. Snow: The new ones we've put up are 13 feet.

Mr. Hall: Is your target of acceptable sound around 55 decibels? What is it you're trying to shoot for—from the point of view of what you'd require a developer to bring sound level down to. Maybe that's different to what you're willing to do in other areas.

Hon. Mr. Snow: Maybe Mr. Johnston can answer that.

Mr. Johnston: The target established by the Ministry of the Environment was 55 decibels outside recreation areas. At the same time it was also agreed upon that that was a very quiet environment and is something that's not attainable in a place adjacent to many of the major arterials. In Metropolitan Toronto alone you'd be facing 70 or 75 on a

normal city street. So you could exceed the 55, but once you exceeded, say, about 72, then it's a very undesirable environment. But the target, if you want to use a specific target, is 55 as established by MOE.

Mr. Hall: What would be the sound levels on 401 going across the north end of Toronto?

Hon. Mr. Snow: Some here are 72, 68, 70, 69, 72, 74, 72, and these are the worst situations right across the province. Here is one at 76, 75, 74, 71, 74.

Mr. Hall: Those are the worst sound levels in the province?

Hon. Mr. Snow: It's interesting that the technical staff give an estimated reduction on each one of these sites, based on many factors. Five decibels is about the lowest. I don't think it's worth doing if we don't get at least a five decibel improvement. Here's one that was estimated to be a 4.1 decibel reduction, but some go as high as 10 and 11. We expect we'll get that much improvement with the sound barrier.

Mr. Hall: It's an awkward problem and there's a certain element of unfairness in it. I can't easily suggest the answer but, again, going back to the Queen Elizabeth Way, it goes through a municipality such as Grimsby. Grimsby didn't exactly ask for it to go through there.

Hon. Mr. Snow: Mitch Hepburn built it through there in 1936, I think.

Mr. Hall: That's before your time and mine and it's rather pointless to discuss that, Mr. Snow.

Hon. Mr. Snow: You're bringing it up, not me. Somebody put it through there.

Mr. Hall: That's right. Somebody put it through there. It also touches on lands that other ministries have approved of for housing and for sewer and water facilities and things of that nature. Yet, on land where the municipality might need to develop and permit some element of growth when free enterprise goes to develop that land, the passive receiver of the noise pays, not the creator of the noise—the highway, the truck, the car. This is the thing I wrestle with a little bit, philosophically, because—and I think you will agree—it is not the way of things normally.

Hon. Mr. Snow: That is why we implemented this program of budgeting \$1 million a year over a period of years to try to alleviate the noise in these worse spots. Of course, by doing that the general public pays for the improvement for the benefit of those people who are already there.

I think most municipalities—not all—have been able to arrange their land-use planning to use land adjacent to these types of highways for industrial or commercial uses. So the residential developments are a greater distance away from the highway. I think this is good land-use planning.

In some areas they have allowed residences to be built right up against the highway.

Mr. Hall: Like anything else this doesn't apply everywhere, Mr. Minister. I can cite you an example: On the north shore of Lake Ontario the waterfront is used either for recreation purposes or conservation; if not that it's for sanitary sewage disposal or water intake. You then have at the side of the lake a north service road, the Queen Elizabeth Way, the south service road, the CNR and what was Highway 8. Then you reach the Niagara Escarpment which is frozen. This is all taking place in an area less than one mile wide.

Then on its eastern and western perimeters, the town has said, "You can't grow because we want to save the fruitlands." So I want to tell you it is not easy. This is why I raise some of these special concerns.

Hon. Mr. Snow: I didn't suggest it was easy. Like yourself, I don't have all the answers.

Mr. Hall: I agree and you would be a remarkable person if you did. But I think these things should be raised and addressed because certain circumstances deserve a special look when you lay another policy on top of policies that have gone on for some time.

Touching on the subject of salt spray, I think your staff realize this is not a new problem. I have a report of the Department of Energy and Resources Management, as it was called in 1970, which did a qualitative and quantitative study on the bad effects of salt spray on fruitlands in the Niagara Peninsula.

Hon. Mr. Snow: When was that study done?

Mr. Hall: September 16, 1970, was the date of it: "An Investigation of Injuries on Peach Trees at Eight Orchards on the Queen Elizabeth Way." This study made clear evidence of damage to the trees caused by salt spray, and measured the residue in the soil after that.

In the years since then the fruit growers have seen the traffic increase, seen their losses increase. And to the best of my knowledge there has been no recognition of this growing factor by MTC until this year. This year was a bad year, I gather from the growers. May

came and when they saw the damage to their trees they got considerably incensed.

As you are well aware, Mr. Minister, a joint ad hoc committee was set up which reviewed this. Among other things, it decided that compensation was not possible for the losses, although I am sure the ministry recognized that losses had indeed occurred. I have a copy of the action plan for 1977-78 which I think certainly shows a lot of work has gone into it. To a certain extent it is finally a recognition of the growers' problem and in many respects it will at least help them to live with the problem a little better, because the articles take the time to run down the different things that have been considered in other jurisdictions and haven't worked.

However, I am interested in a couple of things about this. It is my information that the salt-sand mixing supplies needed for this winter were acquired before the action plan was produced. Is this the case?

Hon. Mr. Snow: I am not sure. Mr. Wilkes?

Mr. Wilkes: The sand and salt were ordered before the plan was finalized.

Hon. Mr. Snow: That doesn't mean to say they all have to be used.

Mr. Gilbert: Usually when you are mixing the sand in the first place you put only a sufficient amount of salt in the sandpile to prevent it from freezing. Then the salt is added to the sand when it is being spread on the road during the winter.

Mr. Hall: As it is in those piles, what is the ratio of salt-sand there now? Is it one to 10 or is it less than that?

Mr. Gilbert: One hundred pounds to the ton.

Mr. Hall: One to 20.

Mr. Gilbert: It has been that way for 20 years, but that again is just the amount to keep it from freezing. What the practice has been over the years is to add to that, judging what the temperature is and the amount of salt they want to use in order to accelerate the—

Mr. Hall: So the present supply will not make the program ineffective at all?

Mr. Gilbert: No.

Mr. Hall: Levels beyond that are the concern?

Mr. Gilbert: That's right. In fact, every year we put up, based on past years, the amount of sand that is needed. In some cases we might find we have to put up more sand during the year if we are using more. Here again, you only put in enough salt to keep it from freezing.

Mr. Hall: The contract for winter sanding says it is done by outside forces. Is this application paid for by the ton or by the hour? There is a great difference, it seems to me, because I can assure you I have heard many stories of people getting rid of it fast because it suits their own financial purposes to do so under a system where they get paid for so many tons spilled on the road.

Mr. Gilbert: It is by the ton and the units are paid standby for having their trucks tied up.

Mr. Hall: Would this be worth looking into, so that there is benefit for the other side of the coin instead of a benefit to putting more salt on the highway?

Mr. Gilbert: I should add it is only in three districts that we actually use contract sanding—Toronto, Hamilton and part of Owen Sound. The rest of the districts in Ontario you actually pay by the hour for your trucks. I don't really think there is very much difference—John, you can correct me if I am wrong—in the control whether it be by the hour or by the ton. Certainly it has to have good supervision.

Hon. Mr. Snow: Our patrol supervisors make the decision as to how much goes on and how often, I would think.

Mr. Wilkes: That's right.

Hon. Mr. Snow: It is not left up to the contractor to go out and lallygag the salt or sand on whenever he feels inclined to do so.

Mr. Hall: If he feels he wants to get home sooner he still has that option, as I understand it.

Hon. Mr. Snow: Then he gets sent out with another load maybe.

Mr. Hall: An article in the Financial Post by a man named Burke Stannard discusses the use of salt at some length. Are you familiar with that article, Mr. Minister or Mr. Gilbert?

Hon. Mr. Snow: I don't read the Financial Post now.

Mr. Hall: I don't either. This was copied in my little weekly.

Mr. Gilbert: I remember seeing it. It was several weeks ago, was it not?

Mr. Hall: I don't even have a date, but it was this fall and it was copied in local papers that we read in small towns. It mentions, among other things, that on Ontario roads outside the cities the ministry will be using 500,000 tons of salt this year.

[2:00]

It goes on to talk about the indirect effects and costs of road salt—the corrosion to

automobiles as well as the destruction of deciduous, evergreen, and fruit trees. It raises the question, which all of us might think about when we drive over skyways or raised structures such as the Gardiner Expressway, of the insidious effect of the penetration of brine into the reinforced concrete and the attacking of the reinforcing steel. The writer poses the question, is that overpass really safe? It's the problem of salt, which never seems to quit in its chemical action.

What tests are done to check on this all the time?

Mr. Gilbert: We are continually checking our structures. Salt does cause damage to structures and over the years we've had problems—whether it be a steel bridge or a reinforced concrete structure—with salt damage. And this has been a continual concern of our engineering and research people, and we are as up to date as anyone in the world.

Strangely enough it happens in California as well as in Ontario. Our people are constantly in touch with what's going on throughout the world. But, certainly, it is a problem.

Mr. Hall: It raises the question of long- and short-term benefits, in as much as municipal roads authorities, considering their expenditure of direct labour costs, are tempted to pour the salt on, as opposed to the spring cleanup and what-have-you required when putting sand or grit on the roads. Nevertheless, the indirect cost does come out of someone else's pocket, as I'm sure you're well aware. The corrosion and the killing of roadside vegetation—

Hon. Mr. Snow: I don't think it's a simple matter of one or the other.

Mr. Hall: No, I appreciate that. I can't argue that you don't have a lousy choice in this matter of salt application. But at the same time, this article would suggest your putting on an average of 50 tons per lane-mile per season, and under the Environmental Protection Act of 1971 25 tons per lane-mile would have been moderate at that time but 50 tons per lane-mile would've been unacceptable.

I really have to wonder what is the correlation between the sense of obligation on your part to not change the speed habits of the motoring public in winter and this cost which, in effect, becomes a cost of pollution on the boundaries adjoining. The word "highways" is, of course, very apt because they are built up above the surrounding land primarily, and you know where the fallout goes. It goes into

the soil with the continuing residue of chlorides in it.

How far do you go on this? Have you turned the corner as a result of the thinking this summer?

Hon. Mr. Snow: We hope so. It's a very difficult situation. As I've said before, we're going to make every attempt this year to use less salt than we have in the past. We have two areas designated for special testing. One is in eastern Ontario. Where is the other one, Mr. Wilkes?

Mr. Wilkes: We have seven sites altogether.

Hon. Mr. Snow: Seven sites, I'm sorry. We also have the liability to maintain the highway system in as safe a driving condition as possible. We have run into situations—I believe two in the last year—where the ministry has been taken to court because of supposed inadequate maintenance, not enough salt or sand on the highway. In both cases the court found the ministry has an obligation, and that the public has come to expect a high level of maintenance on our highways. Where that maintenance was proven to be not as good as it could have been, because of not enough salt or sand on the road, the ministry has been found liable and had to pay damages resulting from car accidents.

Mr. Hall: I suggest that you'll be taken to court for compensation with regard to damages as a result of salt also. And if this does occur it will enhance the dilemma a little bit.

Hon. Mr. Snow: We don't discount that possibility.

Mr. Hall: The point that I want to stress, if indeed it does need any stressing in your ministry, is that in my area this problem has reached a point where it will not go away, and we will continue to be vocal unless it is seriously addressed on a continuing basis by the ministry.

Hon. Mr. Snow: We're trying to do exactly that. Our salt use has increased. If you look at our totals for the province, in 1971 it was roughly 350,000 tons, to 400,000 in 1972, down to 322,000 in 1973, 369,000 in 1974, 416,000 in 1975, 510,000 in 1976, down to 471,000 in 1977. I'm sorry, that's the forecast for 1977. Our mileage on highways has increased somewhat over that period of years too, so some would be assignable to increased lane miles.

Mr. Gilbert: That figure for 1976 reflects that bad winter you mentioned earlier, Mr. Hall. Usually you get a relatively light snowfall in some parts of Ontario and in others a heavy snowfall. Last year, as you know, we had heavy snow pretty well throughout

Ontario, and I think that's one of the reasons there was that increase.

Hon. Mr. Snow: We do have an ongoing winter maintenance research project. We have a number of test areas where we're trying to do other types of maintenance.

I had a complaint last week or the week before, about snow ploughs being out on Highway 400 when there was only an inch of snow. Why were we running snow ploughs up and down the highway when there was only an inch of snow? Under normal circumstances, if we weren't concerned about salt, some salt on the highway with an inch of snow would have done a better job from the driver's standpoint and this person wouldn't have been complaining about having to slow down because of the snow plough.

Mr. Hall: That's right. In our area farmers would complain that your program is a smattering of snow and an inch of salt. So you can't win in this situation.

Mr. Gilbert: This has been our problem over the years. During estimates, going back over a number of years, we have received criticism for our maintenance being poor, and why weren't we putting on more salt, and this, that and the other thing.

You're quite right—the public has learned to accept the fact that we have reacted to try to provide them the best possible service we could. A lot of our supervisors, naturally, are human, and they've gotten criticism in the past for not doing enough, so they have tended to put on more chemicals and one thing and the other.

Hon. Mr. Snow: You have an accident and you have a coroner's jury and the jury recommends that you use more salt.

Mr. Gilbert: This year, as the minister said, we are making a concerted effort to try to get a balance, but it's not going to come easy. We're going to have to try to trade off that good service as well as against the items that you are talking about.

Mr. Hall: I give you an instance where the Ministry of the Environment would prosecute on the basis of a complaint being laid. Because some cherry juice to be processed runs out of a farmer's leaky container on to the road and into a roadside ditch, a processor in my area gets prosecuted, and yet the Ministry of the Environment closes its eyes to the salt residue. It is being applied in copious quantities all the time. These are the elements of unfairness that present problems for you and for me.

Hon. Mr. Snow: Legally, I believe, under the Environmental Assessment Act, salt is not defined as a contaminant.

Mr. Hall: As I cited, this article says it was not a pollutant when used in moderation but when you get up to the levels being used now it seems to be entering into that category.

One more point—I appreciate you listening to my comments here—you banned studded tires and it was calculated that the \$10 million damage they had been doing annually, which you then saved, pro rated, represented about \$8 a vehicle, as opposed to the indirect cost that we face with salt spray. I just want to ask, what about snow tires? In this action plan 1977-78 I don't see any reference to it.

Is there any measurement of the effectiveness of snow tires on highway safety which possibly would have changed your circumstances in the amount of material you had to use? You see, I can't get over the fact that in snow-prone parts of the United States they do use salt but they don't get up to the dosages that you use. Were snow tires worthy of any consideration? You can do what you want to, you know.

Hon. Mr. Snow: I would certainly recommend that everyone should have snow tires.

Mr. Hall: Has there been a measurement that would convince the motoring public that there is a benefit to it?

Hon. Mr. Snow: I wouldn't say there has. I have had people suggest to me—not so much from a safety standpoint on the open highway, but I certainly have had suggestions that we should legislate the requirement, and I believe some jurisdictions do. I can't name you one—

Mr. Gilbert: Washington.

Hon. Mr. Snow: —but they legislate, for instance, from November 15 to April 15 or some such date you must have snow tires on your vehicle. This is mainly to stop the traffic tie-ups that take place because someone doesn't have snow tires and has a pair of bald old dillies on there and can't move when there is a couple of inches of snow and he ties up traffic. I think that would be the greatest benefit.

Mr. Hall: Isn't that partly why you put salt on the road?

Hon. Mr. Snow: Yes, but sometimes there are snowstorms like we had last week, when no matter how much salt you put on the road you are not going to keep the snow off.

Mr. Hall: I would appreciate your considering whether there is merit to that.

Hon. Mr. Snow: Snow tires are of benefit, but I don't think that if everybody had snow tires we could say we don't need

salt, because snow tires don't work a damn on ice.

Mr. Hall: Your studies indicate to me that you have considered various chemical alternatives to salt, and I appreciate that. I say, though, this problem is not going to go away—

Hon. Mr. Snow: Some of them are equally as bad pollutants as salt.

Mr. Hall: In terms of residual effects on the environment?

Hon. Mr. Snow: One of the things that is used, for instance, on airports, is urea. It is terribly expensive, of course. You know, I'm sure, what a ton of urea costs. They use it on airports since they can't possibly use salt because of corrosion of the aluminum aircraft. It is very expensive and, of course, when you start pouring a large amount of nitrogen like that into the soil, into the water courses, I am as concerned about the effect of that as I would be of the salt.

Mr. Hall: You mentioned to Mr. Williams I believe this morning that you were putting a velvet coat of some kind which reduced the sound on roads.

Hon. Mr. Snow: That is a new type of pavement.

Mr. Hall: You said that it was great stuff in that it was porous and that the water came through the road. What about the fact that that is salty water? Is that going to have any bad effect on your roads?

Hon. Mr. Snow: Apparently not. Apparently the salt has no effect on asphalt. This new type of paving is made of a coarse aggregate which leaves some voids, allowing the water to drain into the top course and then follow the crown of the road and escape.

[2:15]

It's considerably more expensive, I believe, is it not, than ordinary asphalt?

Mr. Wilkes: Seventy per cent.

Hon. Mr. Snow: Seventy per cent more expensive. It certainly won't be used on normal highway projects. We are using it in some areas for the noise reduction benefit. If we can use it when a road is being resurfaced and not have to build noise barriers, or if we gain other benefits from it, it's a better investment.

Mr. Hall: I'll conclude now. I'd appreciate it if you, through your staff, would keep me posted on your salt spray studies. I have taken the step of giving your action plan to some 30 growers in my riding who complained to the Ombudsman and with whom we have met. The best I can do right now is to tell

them you have an ongoing program and that you are going to monitor it. I hope come the spring we'll get the results of your evaluations.

Hon. Mr. Snow: Mr. Hall, I hope to be able to give a report in the House, probably before the summer recess, as to what our results have been this past winter.

Mr. Hall: Because of particular interest here, I might ask you to provide me with more of the detail behind it, so I can satisfy these farmers.

Hon. Mr. Snow: I'd be glad to give you any information we're able to get from these studies.

Mr. Hall: Thank you.

Mr. Chairman: Just to remind the committee, I'd like to say we have four votes to go and two hours in which to do them.

Mr. McGuigan: Mr. Chairman, I don't have any problems from constituents. Highway 3, which runs through the riding of Kent-Elgin, has been upgraded in recent years. I think people are generally fairly satisfied with it.

I'd just like to do a bit of bragging after hearing the member for Lincoln and tell the minister that quite recently a winery in Kent-Elgin, competing in a contest of Wineries Unlimited—this is an association of wineries east of the Rockies; it does not include the California wineries—this winery, which is a family affair newly established in Kent, owned by Allan Eastman and his wife, Charlotte—they call it Charal Wineries—recently won the gold medal for their white vinifera wine.

Hon. Mr. Snow: Have you got any samples?

Mr. McGuigan: I haven't any samples, unfortunately. I just wanted to brag a little bit about the fruit-growing capabilities of Kent-Elgin, being a fruit grower myself.

I have some personal concerns about Highway 3. I live at Cedar Springs and perhaps if you've visited Mr. McKeough, you'll be familiar with that area.

Hon. Mr. Snow: Oh, yes. I have visited there. The highways are all good in that area.

Mr. McGuigan: Yes. They're quite good.

Hon. Mr. Snow: In fact, when Mr. McKeough cut my budget, I tried to find some highways in his area we could cut out, just to sort of even the score, and I couldn't find anything that needed doing that we could cut out.

Mr. Ruston: You've cut out a lot of them.

Mr. McGuigan: At this point I'm ceasing my bragging, because Highway 3 at Cedar Springs looks like what one might imagine

would be the backside of the moon, because of the gravel pits.

Those old gravel pits, abandoned today, came pretty well up to the edge of the highway allowance. I think now they have to stay back 200 feet from the centre line. Fortunately I don't know of a car ever having gone off the highway and into one of them. Certainly there is a great potential for anyone forced to take evasive action who went off the highway. He would drop 30 feet.

Do you have any policy of putting up barricades at those places?

Hon. Mr. Snow: We certainly put up barricades wherever there's perceived to be a danger of a car going off the highway. I have a friend of mine who is always telling me we are putting up too damn many barricades and that the barricades are more of a danger than whatever they may be protecting you from. I don't quite agree with him on that.

Mr. Gilbert: Certainly if there's any danger, we have a standard for putting up guard rails. If it required them, we would be putting them up.

Mr. McGuigan: I think, Mr. Minister, you should look at that area.

Hon. Mr. Snow: Where is this? If you would drop me a line and tell me about any particular spots—

Mr. McGuigan: About two miles either side of Cedar Springs. There are about four miles of highway there that are quite pocketed with gravel pits. A car going off the road would take about a 30-foot drop. Fortunately in all my time there, I don't recall it having happened, and I hope it never does happen.

I have another personal concern, Mr. Minister. I guess being a fruit grower and a horticulturalist by trade I am always interested in trees, but I don't like seeing them at the side of the road. I hate to admit it but I started driving a truck on a highway at 14 years old—

Hon. Mr. Snow: I was 15.

Mr. McGuigan: During the war there wasn't that much traffic and anybody who could look over the steering wheel—

Hon. Mr. Snow: During the war you could get a licence at 15. I obtained my driver's licence at 15.

Mr. McGuigan: I have done a lot of driving and taken evasive action on a number of times. I can think of three head-on crashes I have avoided by going into the ditch.

Hon. Mr. Snow: I can think of two that I didn't avoid.

Mr. McGuigan: But I would suggest in spite of the value the trees have in our

economy, they don't have any place on the side of the road. Do you still plant trees on the side of the road?

Mr. Gilbert: Not on the shoulder.

Hon. Mr. Snow: Beyond the ditch line, yes.

Mr. McGuigan: On the far side of the ditch line.

Hon. Mr. Snow: We have a real problem, many times, in our reconstruction of roads. I know not only we but the municipalities do. I can think of two areas in my own riding, one a county road, No. 3, where they wanted to rebuild the road and there were trees along the side and the tree committee wouldn't let them cut the trees down. In some cases the ditch was put behind the row of trees to preserve the trees. It creates a situation that could very well be dangerous, so you have to sort of lay off.

In our case, I think, in the Highway 5 improvements, the tree committee got involved in that and realized that some of the trees along the side of the road can't be saved. I believe in that case we have agreed to replant trees, but of course that's after the road is widened and they are planted beyond the ditch line. Maybe 100 years from now, they will be great big maples and they will be cutting them down to add some more lanes. I don't know.

Mr. McGuigan: I think it was Wordsworth who wrote the great poem about the tree, but in spite of that I don't think that trees should be on the side of the road where they are a terrible hazard.

Hon. Mr. Snow: Certainly I agree with you they shouldn't be between the edge of the pavement and the ditch, but I don't know of any provincial highways where we have that. Have we?

Mr. Adcock: There are some few that we haven't been able to get down.

Hon. Mr. Snow: Sometimes you run into women's committees pushing baby buggies in front of your bulldozers to save their trees.

Mr. McGuigan: Where you have utility companies butchering these trees, they are just a monstrosity, in my estimation.

Hon. Mr. Snow: My experience is that if they try to save those trees it doesn't work. I know of one particular county road reconstruction which was done about 10 years ago. A lot of effort went into saving a lot of those trees. I would say that in that 10-year period since then, half of those trees have been removed because they died because of the grading and the new road—and salt, I suppose, had something to do with it as well. I dare say in another 10 years the other half will be gone.

Mr. McGuigan: I wouldn't want you to push any bulldozers over ladies with baby buggies, but just on a personal basis I would submit that we shouldn't have these trees. In the matter of disposing of trees I am concerned about this because I burn a lot of wood in my wood stove in my home. Probably 60 or 70 per cent of the heat I provide for my house comes from wood.

The highway people, cutting down trees, I think often on contract, will leave big butts that are too heavy to lift and very difficult to split, but they will cart away most of the limb wood, the reason being that as they load the brush on the trucks they find it more convenient to also throw the limb wood on as a means of compressing the brush so they can carry it away.

I would like to suggest in this day when we are so concerned about energy supplies and so many people are buying wood stoves—if you go to a furniture store these days you see a large number of cast-iron wood stoves.

Hon. Mr. Snow: They are coming back.

Mr. McGuigan: They are really coming back.

Hon. Mr. Snow: The 100-year cycle.

Mr. McGuigan: It just seems such a shame for that stuff to be carted away and buried, creating problems for the environmental people and so on.

Mr. Ziembra: You don't mean the dead elms, do you? They don't give any heat at all.

Mr. McGuigan: No, mostly maple.

Hon. Mr. Snow: If it's in a rural area, in many cases the wood is left for the farmers if they want it.

Mr. McGuigan: They leave the things that are too heavy to load.

Hon. Mr. Snow: I know recently they cut down a lot of trees—I don't know how it was arranged—along Highway 7 between Acton and Guelph. We have a highway project there. Last summer trees that had to be cut down were cut. I think it was done before the contract was awarded.

Mr. Adcock: Yes, it was.

Hon. Mr. Snow: Basically the trees were cut down and then just turn your back and they are gone.

Mr. Gilbert: That's happening more and more now, just for the reason—

Hon. Mr. Snow: On a Saturday morning, I would drive up to the airport at Guelph and there would be half-a-dozen cars and trailers and pick-up trucks along the side of the road and guys and their kids, especially teenage boys, with chain saws chopping up those

trees, filling trunks of cars, filling trailers and pick-up trucks and taking it home for their fireplaces.

Mr. McGuigan: I am very happy to see that.

Hon. Mr. Snow: If you cut the tree down and then give people a chance to cart it away, they will do so.

Mr. McGuigan: I just want to reiterate that I have seen them haul away a lot of very good wood and bury it.

Hon. Mr. Snow: I don't think it should be wasted, no. In some cases I think the contractors, where they have to take down the trees, make an arrangement with a tree cutting company to take it down. They take the wood away and sell it.

Mr. McGuigan: In our part of the country, I see them burying it. I don't know if it's peculiar to our end of the province or what it is.

Mr. Gilbert: I think that is rapidly changing. You know a few years ago you couldn't—

Hon. Mr. Snow: Couldn't give it away.

Mr. Gilbert: —give it away, but from what I hear in moving around in the districts, it's happening all over that they are making use of it now. Certainly from our point of view we are pleased to see it being used. As long as it just doesn't sit there and start rotting away—

Mr. McGuigan: You might just instruct your people to sort of facilitate this and do all they can to encourage it. That's all, I think, Mr. Chairman.

Mr. Ziemba: Mr. Chairman, I want to talk about Highway 400.

Hon. Mr. Snow: I had a feeling you might.

Mr. Ziemba: There's a rumour going around west Toronto, Mr. Minister; that because of the restraints and budget cuts you have put Highway 400 on the back burner, and in fact you haven't earmarked very much money for it in this budget. Is that true?

Hon. Mr. Snow: The first contract for 400 has been called. Has it been awarded?

Mr. Wilkes: Not awarded.

Hon. Mr. Snow: The first contract has been called for tender. I don't think the bids have come in yet and if you would just let me get the book out here—the northwest Metro arterial road. Apparently that—

[2:30]

Mr. Young: That means you are taking traffic down out of Yorkview, right?

Hon. Mr. Snow: Tenders were called in November 1977. That's an estimated \$2 mil-

lion contract and I am told by my staff the tenders close today.

Mr. Ziemba: Tenders close today. This is an historic day, this seems to be the story of my life.

Hon. Mr. Snow: That contract is not really for a roadway. It is for a bridge, I believe, and the diversion of the Black Creek, but it is a preparation contract for the follow-up road construction contract.

Mr. Young: That would be the bridge over Lawrence Avenue?

Hon. Mr. Snow: No, the bridge over the Black Creek.

Mr. Ziemba: The small wooden bridge that is there, a very scenic little bridge behind the borough of York offices, is that correct?

Hon. Mr. Snow: I have a map here that will show you where it is. There's Lawrence, there's Eglinton, this is the Black Creek and there is the bridge. It's just south of Lawrence on the Black Creek. There is Highway 400 coming down, here is Jane, here is Lawrence, the contract is for the diversion of this creek, plus that bridge, down in the valley there. It is the bridge for the 400 extension to go over Black Creek.

We have scheduled a further tender call in August 1978, from Jane Street to south of Queens Drive.

Mr. Ziemba: That is for actual highway construction?

Hon. Mr. Snow: Yes, that is for the actual road, grading and drainage.

Mr. Ziemba: Getting back to what some of my friends were talking about earlier, is it possible for the minister to provide us with a riding by riding breakdown of provincial roadway expenditures over the last five years? I would be curious to know which ridings get all the money spent on them.

Has anyone ever asked you for that? You always hear these rumours about the Tory ridings getting all the highways. I would just like to see if that is in fact, the case.

Hon. Mr. Snow: I am sure we can arrange that. We don't give it out riding by riding. It is in the annual report of the ministry—every highway, and what money is spent on that particular highway.

Mr. Ziemba: It is pretty hard to break it down.

Hon. Mr. Snow: It won't show up for your ridings in Metro Toronto because very seldom do we do anything in any of them. If you want to look in that green book you've got in front of you it shows every project

and you can very easily see for yourself what is going on.

Mr. Ziemba: I was really impressed with the amount of highways under construction on Manitoulin Island this summer, that is why I raised that point. I will leave it for now.

Mr. Ruston: It needs fixing up there. I was up there two years ago and I am glad to hear that they are fixing them.

Hon. Mr. Snow: Do you want to look at this map? You won't see very much going on in Oakville riding.

Mr. Bradley: It's fully serviced now.

Mr. Gilbert: This is the only minister we had who went for a full year without a project in his riding.

Mr. Ruston: They always fix the road through his boundary.

Hon. Mr. Snow: You'll see a lot of red patches in different areas—

Mr. Ruston: We can't wait for that now.

Hon. Mr. Snow: —down in the London, Middlesex, Lambton area, because of that major 402 project. You'll see an awful lot of red in that particular area.

Mr. Ziemba: That reminds me of the story of the young politician who was trying to knock out the incumbent by criticizing him because he had arranged for a road to be built into his summer cottage.

Hon. Mr. Snow: I would like to show you a great patch of red on there which all happens to be in the riding of the gentleman to my right.

Mr. Chairman: It couldn't go to a better place.

Hon. Mr. Snow: I am sure it is the riding with the most red lines on it in Ontario.

Mr. Ruston: He takes full credit for it.

Mr. Chairman: Those red lines have found a good home.

Hon. Mr. Snow: If you want to go down into eastern Ontario, you can see the riding of Lanark, which is a Tory riding, where I don't see a red mark. But get into Renfrew North and you see a lot of red marks.

Mr. Bradley: You will have to create something there.

Hon. Mr. Snow: I wouldn't go that far. There was a good member there who got these projects under way before he left.

Mr. Ziemba: These two politicians were fighting it out on the platform when someone said: "You are not going to re-elect that fellow after he paved a road going into his summer cottage, are you?" Someone else in

the audience said, "Why not? He has already got his road."

Hon. Mr. Snow: Let somebody else have his paved.

Mr. Ziemba: I have to take issue with you. First of all, you are squandering an awful lot of taxpayers' money. That impact study you told us about during the last estimates was just a charade. In fact, citizens in West Toronto weren't invited to participate in any debate. They weren't given the opportunity. They weren't even given chairs to sit on.

They were more information-dispensing meetings that you arranged in three or four of the schools in the borough of York and the city of Toronto. About 15 of your consultants were there to deal with my people on a one-to-one basis. With the exception of the odd sort of realignment—where somebody's backyard might be threatened so you went over instead of under or whatever the hell—we weren't even given an opportunity to object to the Highway 400 extension. I can't understand why you even bothered spending that \$56,000 or whatever it was for what I can see was just simply a PR job to try to sell the darn thing.

You are talking about a diversion of Black Creek and building a new bridge over it. When you do that, you realize of course you are destroying the only natural wildlife habitat in the borough of York. That's a marsh area and any diversion there is going to mean an end to the mallards, the muskrat and the other wildlife our kids have gone regularly to inspect. It will probably mean the end of the fitness trails along there as well.

The last little bit of parkland the borough of York has out that way is in jeopardy right now. The \$2-million contract that has just been closed today is going to see an end to it.

You might recall being approached by the Toronto public works committee. I don't have the date but I think it was earlier this year they asked you to extend the terms of reference. They recommended your ministry broaden the terms of reference for the studies you had undertaken to find out the cost-benefit of this highway extension. Based on your own figures, they found that the whole thing was a crock. You are spending all this money and it is not going to relieve a darn thing.

In fact it will make the problem a lot worse because you've had difficulty in negotiating with the railways, who are not the easiest people in the world when it comes

to giving up land; they are pretty swift when it comes to collecting it, but they are not happy to release it. The last alignment I have seen has Highway 400 emptying onto Weston Road just south of Rogers Road and north of St. Clair, just north of Canada Packers.

Hon. Mr. Snow: North of Rogers Road, I believe.

Mr. Ziemba: I beg your pardon, north of Rogers Road, just north of Canada Packers. The first thing that comes to my mind is that you are going to have to do something about Weston Road, because the traffic congestion there at present is intolerable. That is one of the reasons, I suppose, you are building Highway 400; one of the excuses you've had. But you're dumping an extra 1,000 cars on this particular intersection at rush hour, at a time when things are already at a standstill on any given day of the week.

I simply don't understand why we're going through this exercise. These are studies that your ministry has come out with. In fact, there have been no traffic studies done south of St. Clair, and it's perfectly clear to all of us that traffic will increase threefold once the highway is built. We're told that the day the ribbon is cut we can expect 1,000 new vehicles. There will be 1,000 new through trips generated by the Highway 400 extension, 800 which will use the extension and the community south of St. Clair is going to have to handle these cars.

I hear Mr. Haggerty talking about wanting a tunnel in Port Colborne. Mr. Wildman is complaining about the roads in Algoma, and people are crying for money while you are saying, "Well, we've got our priorities. We've got to reallocate funds." Let me tell you that west Toronto would be pleased to turn over all this \$50 million or whatever the heck it's going to be—we hear estimates anywhere from \$25 million to \$50 million before the thing is done—to ridings like Algoma or people like Mr. Haggerty to let him have his darn tunnel.

Hon. Mr. Snow: There's many other ridings that have got to be taken into consideration.

Mr. Ziemba: I don't know why you have this death wish to go on with that highway when everyone that I've talked to is violently opposed to it in the city of Toronto and your studies have been inconclusive as to the value of it. The Highway 400-401 triangle, which is the area that you're trying to relieve, will, in fact, hardly be affected. There will be some relief, I am sure, in the northwest quadrant, but not near

enough to justify the expenditure, especially at this time of restraint. Can you give me an argument in rebuttal of some of the things I've just passed on to you?

Hon. Mr. Snow: I don't know what more I can say than what has already been said a thousand times over the past 10 years. We feel this is a necessary project. We would not be doing it. Metropolitan Toronto is very anxious that this project get ahead. I do agree that the city of Toronto isn't overly enthused about it, but you've got to realize that the area this highway is going to serve is probably one of the heaviest industrialized areas in Metropolitan Toronto.

You have got all the main packing plants, the stockyards, and all the trucks that have to get to those facilities to bring in livestock and take out livestock and take out meat and produce from those plants. This arterial road will take practically all of those trucks that come from eastern Ontario, northern Ontario, western Ontario off your city streets now and give them direct access into and out of that part of the city. If you can't realize the benefits of this, I'm sure I can't convince you.

Mr. Ziemba: Yes. Would you consider extending the terms of reference to come up with alternatives to the expressway for relieving the traffic congestion in the northwest quadrant, as it's called. Or is it too late for that, as far as you're concerned?

Hon. Mr. Snow: I don't know what terms of reference you mean? The studies have been done and the decisions have been made, I believe.

Mr. Ziemba: Yes, the studies that have been done have been after the fact. In other words, all you're doing is going around—

Hon. Mr. Snow: We have an agreement with Metropolitan Toronto to go ahead with this. It was part of the Soberman recommendations. It was part of the agreement entered into between the province and Metropolitan Toronto for both this road and the Spadina.

[2:45]

Mr. Ziemba: It was a part of the overall Soberman recommendations, Mr. Minister—I'll correct you there—that was taken out of context. They were not taken as a package; this one was pulled out of context by Metro Chairman Godfrey and used to his advantage.

Finally, on the cost of the extension: We've heard so many different figures, ranging between \$25 million and \$50 million. What is the anticipated cost of the extension when it's finally completed; have you any up-to-date figures as to how much this is eventually going to cost us?

Hon. Mr. Snow: Yes. I'm sure we can give you something on that now. Up until the decision was made as to where it was going to go at the south end, does this include property?

Mr. Gilbert: A lot of the property.

Hon. Mr. Snow: Most of the property we have; but this will cost about \$15 million on construction.

Mr. Ziemba: You may recall that last year you told us it was going to cost—was it \$9 million? I guess with inflation it's gone up a bit.

Mr. Gilbert: No; in fact it's lower than what—

Hon. Mr. Snow: It's lower. I believe my statement last year was that it was in the neighbourhood of \$25 million.

Mr. Ziemba: But you were going all the way to St. Clair last year. This year you're cutting it short, you're not going to the railway—

Hon. Mr. Snow: Yes, that's why it's \$15 million.

Mr. Gilbert: And it includes the improvements.

Hon. Mr. Snow: It includes the improvements on Old Weston Road and the St. Clair intersections; both Rogers Road and Old Weston Road I believe.

Mr. Ziemba: If you were approached by the borough of York, which is directly affected and I'm told their council is quite concerned about the new terminus of this extension, would you reconsider the project?

Hon. Mr. Snow: I have already met with the borough of York.

Mr. Ziemba: Have they asked you to reconsider?

Hon. Mr. Snow: They have not asked us to discontinue the project.

Mr. Ziemba: When did you meet with them, Mr. Minister?

Hon. Mr. Snow: A couple of months ago. One of the concerns was that the section south of Eglinton be completed and opened as close as possible to the same time as the section north of Eglinton Avenue. They did not want to go through a relatively long period of time with the road terminating at Eglinton Avenue. We're doing our planning and scheduling to try to meet that request as close as we can.

Mr. Ziemba: Are you doing something about widening Weston Road or improving the Rogers Road bridge to take care of that—

Hon. Mr. Snow: Mrs. Campbell; I have a package for you.

Mrs. Campbell: Oh, thank you. I appreciate it.

Hon. Mr. Snow: I didn't want you to have to ask me again.

Mrs. Campbell: Thank you; I don't know whether it's a compliment or condemnation.

Hon. Mr. Snow: Sorry, Mr. Ziemba.

Mr. Ziemba: I was wondering about Weston Road. Were you asked by the borough of York council, or have you decided that the province has to get involved in doing something about Weston Road to handle all this increased traffic?

Hon. Mr. Snow: I believe we're planning on some improvements to Weston Road.

Mr. Ziemba: The province is?

Hon. Mr. Snow: Yes; is it not?

Mr. Gilbert: The scheduling here covers improvements right down to St. Clair. Some of them, of course, are on the existing streets.

Hon. Mr. Snow: We have intersection improvements on St. Clair Avenue at Old Weston Road.

Mr. Ziemba: Does that mean a widening of Weston Road?

Mr. Gilbert: Right now these discussions are still going on with Metro as to just what the final requirement will be.

Mr. Ziemba: You haven't decided?

Hon. Mr. Snow: Yes; and it also includes work on Weston Road down to Rogers Road.

Mr. Ziemba: Right. It's unusual, isn't it, for the province to get involved in funding municipal roads like this? That is actual streets; these aren't so much roads as they are streets. What about local autonomy, Mr. Minister? Why don't you let us do our own thing?

Hon. Mr. Snow: If Metro wants to do it, fine. We did make an agreement with Metro that they would build the Spadina extension and we would build the Highway 400 extension. It's the same cost-sharing on this road as on the Spadina.

Mr. Ziemba: With the exception that you're putting the money up front.

Mr. Gilbert: We own the right of way too, as you know Mr. Ziemba, right down to Eglinton. We've had it for some time.

Mr. Ziemba: It's an incentive for the municipality to go along with it if it's not going to cost them a penny.

Hon. Mr. Snow: It's a 50-50 deal on this road, the same as any other. We're not paying 100 per cent of it.

Mr. Ziemba: You're advancing all the money though.

Mr. Snow: Metro advanced all the money on the Spadina then; six of one and half a dozen of the other. They're both shared on the normal sharing basis.

Mr. Ziemba: I just want to go on record, Mr. Minister, as telling you that \$15 million—you told me that \$2 million has already been tendered and it's going through today and there's a tender call scheduled for August of 1978 for that part of Jane Street south to Queen's Drive; how much money will be involved there or do you have any idea?

Hon. Mr. Snow: About \$2.5 million.

Mr. Ziemba: About \$2.5 million. That's \$4.5 million at a time.

Mr. Ruston: Is that the provincial share or the total?

Hon. Mr. Snow: That's the total.

Mr. Ziemba: Total. Half of it the province is putting up. At a time of cutbacks in social services, cutbacks to daycare centres, senior citizens homes, all the rest of it, how can you look at yourself in the morning spending that kind of money?

Hon. Mr. Snow: I'd have more of it in this program and less in some of those others if it were my decision.

Mrs. Campbell: Day care?

Hon. Mr. Snow: Not necessarily day care.

Mrs. Campbell: Could you elaborate on what others? Senior citizens' homes?

Hon. Mr. Snow: We're discussing the MTC estimates, Mrs. Campbell.

Mrs. Campbell: Yes, but the minister, Mr. Chairman, made his remarks. I think they should be clarified.

Hon. Mr. Snow: I know there are some people who would like to completely do away with the transportation system and put all the money into social services.

Mr. Ruston: Lay all the auto workers off, the same as they're laying off Inco workers; you've got to have a happy medium.

Hon. Mr. Snow: That's not my philosophy.

Mr. Ziemba: That completes my questioning. Thank you very much.

Mr. Ruston: You said a few minutes ago we had until 4 o'clock, Mr. Chairman, to complete the estimates?

Mr. Chairman: Four o'clock or shortly after, yes.

Mr. Ruston: I had a number of items and I suppose—

Hon. Mr. Snow: You can ask your ques-

tions after 4:00, Mr. Chairman. I haven't had a question from the Huron area yet.

Mr. Ruston: You showed all the red marks where he's getting construction. I'm sure he hasn't got any questions.

Do you have anything to tell us insofar as any plans or proposals to complete any portion of the right of way you have purchased now on the Highway 3 bypass in the county of Essex? I would think that's most important part of it to complete. I'm not sure of the exact outlet onto the present Highway 3, but you built around Essex which was good. The problem is the next six miles which runs to what we call the Division Road that goes into Kingsville. That road from Essex through North Ridge, as we call it, and Cottam, is a very winding road, as you are aware.

Hon. Mr. Snow: That's from Essex southeasterly?

Mr. Ruston: Yes, southeasterly. It seems to me that if we could in some way complete a portion of that bypass to alleviate that area, I have a feeling you would remove a lot of the problems people are complaining about with the amount of trucks and so forth that are in that area. I'm just wondering if you've got any plans? I'm not sure how many miles that would be to Highway 3, but maybe one of your officials has it on a map. It would come somewhere around five, wouldn't it?

Hon. Mr. Snow: We haven't anything on that for next year.

Mr. Ruston: No, I see that. But I think that's something you're going to have to look at. I know money isn't growing on trees and you have to use it where you've been putting some improvements onto the present Highway 3—

Hon. Mr. Snow: We're doing some resurfacing and improving on the present highway.

Mr. Ruston: Yes, some corners and intersections and so forth.

Hon. Mr. Snow: We don't have plans to build the new alignment at the present time.

Mr. Ruston: But I would suggest that when you do take a look at it and hopefully have some money, in the not too distant future, that you consider even the part that would bring you out onto Highway 3 easterly. I think you would alleviate a lot of the problems. You'll still have to go through the other area another seven or eight miles until they meet on the old Highway 3, but I think there will be a real bad traffic jam southeast of Essex, where there is a real winding road.

Hon. Mr. Snow: It looks straight on the map.

Mr. Ruston: The trouble is it's not, Mr. Minister. It's an Indian trail, as you know, a Heritage Highway, and it's not conducive to heavy traffic and heavy truck traffic. The truck traffic, of course, is the real problem, involving vehicles carrying aggregate from the Leamington area into Windsor.

I won't dwell on it. I just would hope when you do look at it you would at least consider that portion that would bring it onto Highway 3 past the intersection that goes to Kingsville, what we call the Division Road.

I understand you are doing resurfacing and rebuilding on Highway 2 to join on with an area that was done a few years ago and that will be running on into Belle River. I have a letter here from the township of Rochester; it's a reply with regard to the present bridge at St. Joachim. It's one of the bridges that has those high sides, about 20 feet high; they built them that way back in 1930. I don't know when that bridge was built but I'd think it would have to be somewhere in the vicinity of 1930. The report on it is that it's in exceptionally good condition. It would appear to the average layman that type of bridge, having been there as long as it is, that it probably should be replaced. Part of the problem is visibility because of the way it's constructed.

Hon. Mr. Snow: You sort of breathe in when you go through, do you?

Mr. Ruston: To some extent, but there's one side road just past it; as I say it has those high sides that go up—

Hon. Mr. Snow: I know the type of bridge you mean; the concrete arch, eh?

Mr. Ruston: Yes, they had one on a highway down near where I live and they took it off about seven years ago.

Hon. Mr. Snow: We had one on Highway 25 in Milton.

Mr. Ruston: It even had a piece across the centre on some of them, but they cut that right off and just put sides on it. I don't know if this one would be worth that, but according to the report here the bridge is in some—

Hon. Mr. Snow: What holds it up when you cut that off; because that's retaining structure, isn't it?

Mr. Wilkes: It's the one across the road.

Hon. Mr. Snow: Oh, the one across the road.

Mr. Ruston: Apparently you have reviewed it, because I see from the letter of December 5 from the township of Rochester that Mr. McKay, who was answering in reply on behalf of the minister, says, "I advise the council that we have again reviewed the

accident history in the vicinity of the East River Road at its junction with Highway 2 just east of the bridge"—there were a couple of minor accidents; they weren't significant. Farther on it says, "The present bridge is structurally sound and does have many years of useful life remaining."

That was a concern the council had. To the average person passing through it gives the impression that it's an old bridge, but if you're an engineer—

Hon. Mr. Snow: If it's structurally sound, I have to say that we're not looking for structurally sound bridges to tear down.

Mr. Ruston: I would have to agree.

Hon. Mr. Snow: We've got enough that aren't structurally sound that we have to try and finance.

Mr. Ruston: I would have to agree with you. If the bridge is of good sound construction, there's not much use taking it out.

Have you ever tried anything on highways for lane designation? I've seen this in one of the states of United States; but I have an idea the first problem you'll have is you can't do it because of the snow conditions and your snowploughs.

Hon. Mr. Snow: I'm always having someone write me and tell me what a great idea they saw in Florida with those reflector markers down there.

Mr. Ruston: But what I noticed about them that I thought was so important was when you went across your lane, if you were half asleep or weren't paying much attention, you were awakened by your tires hitting that. It made a rumble in your car and you really knew you were out of your lane.

[3:00]

Hon. Mr. Snow: A great idea; but with the first snowplough down the road you would lose every one of them.

Mr. Ruston: If the snowplough would take them all off then you build something that won't project enough for the snowplough. It would be especially useful on a two-lane highway where you have so many head-on accidents, many of them so unnecessary. They would certainly bring a person to awareness fast.

I don't know how it could be done, but that is something for consideration. I can understand that in their area they can have them, there is no problem. They certainly are a safety feature.

Hon. Mr. Snow: I think they are a great

idea, but I just don't think they are possible here.

Mr. Ruston: Unless you could build one into the road, on the level.

Mr. Gilbert: We had them on Highway 7 for years and they just kept being taken off.

Mr. Ruston: No, you couldn't build them here. I said to myself when I was driving, boy, this would be a great thing; but I realized that snowploughs would take them off so I don't know how we could do it here. That is one of the problems in Ontario with accidents on our two-lane highways, head-on collisions. There have been so many of them in western Ontario, even in the last three or four months. There have been so many killed at once. We can't be in every car and tell people how to drive, but we have to try to build something into our system—

Hon. Mr. Snow: I don't know how we could do it. Even on four-lane divided highways with painted medians, we get head-on collisions with people crossing the median.

Mr. Ruston: I only have a couple of other things, Mr. Chairman, that maybe stray from this point somewhat. I don't know how we are going—

Mr. Chairman: We have one hour left for four votes.

Mr. Ruston: If it's agreeable to everyone here, perhaps we should go on. How do you intend to allocate the time left?

Mr. Chairman: That's up to the committee, whatever it wishes. One vote particularly—the municipal roads vote—is a large vote. I would think the committee would want to spend some time on that. The other votes aren't quite so large, but nonetheless they are important.

Mr. Ruston: I understand you have votes 2506, 2507 and 2508; is that right?

Hon. Mr. Snow: Yes, 2505 is completed; we have votes 2506, 2507, 2508 and 2509 left.

Mr. Ruston: I had a couple of other things, but I will let somebody else take it for a while.

Oh, here is one thing I would like to ask. Can you tell me, do you contract out the sanding in most of your areas?

Hon. Mr. Snow: Not in most of them; in some of them.

Mr. Ruston: These are tendered, I have seen the ads in the paper. Is there a standby rate from the day the contract takes effect until the contract expires?

Hon. Mr. Snow: Yes. They get paid from November 1 when the sander goes on the truck. Most of these are people who have trucks they use for other purposes in the summertime, for instance road construction or gravel hauling. We own the sanding equipment; they supply the trucks. We mount the equipment and then pay them a standby rate from November 1 until the end of the contract season.

Mr. Ruston: How much time are they given to be on the job, in the case of an ice storm? I am thinking about a week ago Monday when we had the ice conditions in a number of areas. I was coming along 401 that particular morning, and five miles this side of Kitchener everything was a sheet of glare ice. I noticed one sander in that 35- or 40-mile area on the other side, but none on our side. There may have been behind me, I don't know. Do you have a time limit in which they must report; or how do you work that?

Mr. Gilbert: Maybe Mr. Adcock could speak to that.

Mr. Adcock: These times vary, Mr. Ruston, depending on the traffic volumes in the area for which the contract is set up. In some areas we require that the contractor have people there 24-hours-a-day because of the high volume of traffic. In other areas we require a certain number of minutes or hours before they have to be called out.

Mr. Ruston: Thank you.

Mrs. Campbell: Notwithstanding the remarks of the minister earlier, I would like to understand a little more clearly why the ministry is supporting the 400 extension. There is an old saying, "If you stay around politics long enough, you can get out and come back and we will be discussing the same things."

The 400 extension, together with the Spadina extension—and the Crosstown, which all of the experts indicate will be essential with the extension of either or both of those routes—cause me a great deal of concern. So much has happened since the discussion of these routes in 1959, 1960, 1961 that I wonder why technology hasn't at least moved ahead somewhat in those intervening years; and why we are still looking at old solutions of problems.

Is the ministry prepared at this time, in committing itself to the costs of the 400 extension, to also start committing itself to funding for the Crosstown? In my view, that is—and according to all the experts—a necessary corollary.

Hon. Mr. Snow: We have no request for any funding.

Mrs. Campbell: No you don't; and you are operating, may I suggest, on the same basis as you have with Spadina, crawling it inch by inch and foot by foot. It disturbs me greatly.

I know that this is a city/Metro kind of debate you are involved in, and I am sure you don't wish it any more than some of the rest of us do. But there is no question that if our technology has stumbled along this far with no change, then I assume the expert prognostications of the earlier days remain the same and that this sort of additional expressway will be necessary. For those of us who live in Toronto and represent Toronto ridings, I can only tell you that the destruction of the inner city, both by tax policies and by these policies, is something that all of us will band together to fight.

We are rapidly putting the city of Toronto in a position where all of her costs are going to be funded almost entirely by the taxpayer. Witness the educational costs this year where the city of Toronto funded 102 per cent of the educational costs out of the taxpayer, with no grants from this government thank you very much.

Hon. Mr. Snow: I am not going to comment on educational grants, Mrs. Campbell.

Mrs. Campbell: I am only pointing out the trend and the picture as those of us in the city of Toronto see it. What you are doing with this kind of funding at this point in time is to inevitably work further hardships on the core city. If that is your intent, then I suggest you declare it; if it is not your intent, then I would ask that the minister take a further look at the implications of this proposed work.

I am not going to take, at this point in time, the position of trying to transfer funds out of your ministry to others, although it is a tragic commentary that you are setting about the destruction of portions of Toronto, both now and in the foreseeable future, by your present policies, notwithstanding the restraints in the other area of human services. I am most supportive of the position of Toronto in this area, and I would ask the minister, before he goes further with this, to really review the reports from the past and what were deemed to be the necessary implications of this type of work before he gets himself enmeshed again; just as the province, with the greatest respect, became enmeshed in the whole area of Spadina, both the rapid transit portions and

what I still call, and what we still call, the highway portions of Spadina.

On that one I think you are going to find that you've spent a great deal of money; and I think you've wasted it, because I really think the best economists will tell you that building any highway built a foot at a time is pretty costly.

I don't know how far you are going to go with this one, but I would like to hear from some expert here: What has changed to say that we do not inevitably need the Crosstown, if you are proceeding, as you are, with the limping experience of Spadina and now the extension of 400?

Is there anyone who can tell me what was wrong with the original analysis?

Hon. Mr. Snow: Well Mrs. Campbell, as far as I am concerned, we entered into an agreement with Metropolitan Toronto to complete the Spadina to Eglinton and the 400 to St. Clair, which is now not quite that far. Any further decisions that will be made on any street work within Metropolitan Toronto will be made by Metro Toronto, not by us.

Mrs. Campbell: In conclusion, recognizing the problems of time, may I just say that to me that represents a very Pontius Pilate attitude on behalf of the government of Ontario. I think it should be concerned with all of its citizens; in my submission when you are putting tax dollars into a project you have a responsibility, moral and otherwise.

Hon. Mr. Snow: I don't know what you mean by those remarks, Mrs. Campbell. It is not my intention in other municipalities, or in Metropolitan Toronto, to try to establish their priorities for them. We have a funding arrangement for municipal roads at this time. We work with the municipalities on their road programs and we fund them as to their needs, but basically they establish their own priorities.

The study that was released by Mr. McKeough recently would change that somewhat. I don't necessarily agree with it, but that's what the study says. It would somewhat change the funding; it would give the municipality more autonomy than it has now to decide its own priorities.

Mrs. Campbell: Mr. Chairman, it's a matter of two municipalities, not just one.

Hon. Mr. Snow: As far as Metro Toronto is concerned, and the city and the four boroughs, they all get funding from this ministry for their roads and streets programs. I believe Metropolitan Toronto gets about \$10 million a year. Are they spending it this year? Do we know yet?

Mr. Gilbert: I think they are spending it this year.

Hon. Mr. Snow: I think this year they are. Last year they did not spend it; their program did not use the full \$10 million. I think there was about \$1 million not used.

Mrs. Campbell: Unexpended?

Hon. Mr. Snow: What they do with that \$10 million, within reason—they have to use it for roads—is up to them. They set their own priorities as to which roads they widen or rebuild, where they spend their funds.

Mrs. Campbell: In the event the city of Toronto needs more money as a result of your experimentation into expressways through the middle of a poor city, I presume that funding will then be suitably available?

Hon. Mr. Snow: I can't tell you what the city of Toronto's subsidy is at this time, but they've never come and asked for more, not since I have been minister. Many municipalities have, but not Metro.

[3:15]

Mr. Chairman: Would the committee permit the Chair a question? I was just wondering what the ministry is doing with respect to the use of old tires in road construction? We discussed this at some length in the Ministry of the Environment estimates.

As you know, the technology is available whereby old tires can be put through a liquid nitrogen chamber and cooled to 273 degrees below Fahrenheit, and then with a blow the tire shatters and can then be belted along a conveyor line, the steel reinforcement taken out and the remaining rubber can be used in road construction.

Tests have apparently shown that it increases the life of the road up to 100 per cent. I'm wondering what the ministry is doing. What I'm trying to do is get the Ministry of the Environment to build a prototype plant in Metropolitan Toronto for the sum of \$10,000.

Hon. Mr. Snow: What about Huron?

Mr. Chairman: We'd even have it in Huron county, absolutely.

Hon. Mr. Snow: You're getting all the roads up there, you might as well have the plant.

Mr. Chairman: We'll have the discard rubber plant there then.

Mr. Bradley: You can get the tires from the highway because there are enough tires from trucks lying all over the highway. There are pieces of tire lying all over the highway in the summertime. You could build a road with that.

Mr. Chairman: But it doesn't get into the asphalt.

Hon. Mr. Snow: Mr. Adcock can comment on that.

Mr. Adcock: The ministry is not doing anything directly, Mr. Chairman. However, the municipality of Metropolitan Toronto, together with the University of Toronto, has a program of research on this matter. The ministry, of course, is involved in assisting in any way it can. It's a little early yet to say what the results are going to be but it seems as though this may be a promising process. It is an ongoing thing in Metro Toronto.

Mr. Chairman: Very good. Shall vote 2504 carry?

Mrs. Campbell: Mr. Chairman, I need an answer to a question I posed. Is there an expert in the room who can tell us whether those early reports are no longer valid with reference to the Crosstown? The minister didn't answer. If there isn't an expert here I shall then draw my own conclusions. Is there one?

Hon. Mr. Snow: I think, Mr. Chairman, the Soberman report, as I understand it, was supposed to have been a review of all of those old reports.

Mrs. Campbell: Yes.

Hon. Mr. Snow: Then Soberman came along with his recommendations.

Mrs. Campbell: Using different definitions for the same thing. Thank you, Mr. Chairman.

Vote 2504 agreed to.

Vote 2506 agreed to.

On vote 2507; municipal roads program.

Mr. Hall: I would like to take this opportunity to discuss the subject matter.

Mr. Chairman: You want to talk about Highway 8?

Mr. Hall: It would now be Highway 81, I believe. Would the minister now be entering into a subsidy program, having to do with the funding for upgrading; a subsidy that he says has already been given to the region of Niagara? Participation beyond that would be the normal sharing of maintenance of a municipal road, would it not? Is that right, Mr. Minister?

Hon. Mr. Snow: I will try—and maybe someone else can help me—to explain that. In funding for municipal road purposes we have two areas of funding, one for construction and one for maintenance, although the municipalities are now allowed to transfer money back and forth. It didn't used to be

that way, but now they can transfer money without our consent.

In other words if a municipality gets \$1 million allocation for maintenance and \$1 million for construction, they get a \$2 million subsidy. If they find they don't need as much for maintenance in a particular year and they want to do a little more construction they are free to do so. In some cases it is hard to decide whether a paving job or a resurfacing job is really maintenance or construction in any case, it can fall into either area. For the upper-tier municipalities, the funding is based on their road needs studies. I believe all upper-tier municipalities have completed road needs studies. These are assessed and the level of service for the roads in that particular upper-tier municipality is given a rating—for instance, their roads are 80 per cent or 90 per cent or 60 per cent up to standard—and the needs then apply the formula to establish the amount of funding that municipality will get. That is how the construction subsidy is established. The amount of money they get is based on a formula.

Mr. Hall: Is that an annual review?

Hon. Mr. Snow: Yes, new needs can be fitted into the program. Normally, I think they update the road needs study every five years or thereabouts, but any new needs that come up can be fed in annually.

Mr. Hall: A road needs study every five years? If that is the basic criterion for determining your sharing for construction and/or maintenance without it being designated, it's pretty hard to look five years down the pike in terms of costs of carrying out a given programme, is it not, or can you actually do that?

Hon. Mr. Snow: Yes, I think we can. Tom, would you explain this in more detail.

Mr. T. G. Smith: The minister indicated that there was a study done every five years. We do a major update every five years, but each year in between the upper tier municipality has the opportunity to update the information. In doing so, it takes into account any major changes in costs, change in solutions, new problems and so forth. So essentially we have the latest information each year on which to base the allocation.

Mr. Hall: How does the lower tier municipality fit into that?

Hon. Mr. Snow: The major lower tier municipalities have also completed road needs studies. I think there's 126 lower tier municipalities which we have asked to carry out

road needs studies as well. Of those, I believe 114 have completed them.

Mr. Hall: What is your definition of a major lower tier municipality in terms of size?

Hon. Mr. Snow: Cities, towns, major townships. I would doubt if any of the lower tier municipalities in the region of Niagara are not in that group; The ones with the largest budgets, shall we say. A rural township in eastern or northern Ontario wouldn't have completed a road needs study, but I am sure the city of St. Catharines or the town of Grimsby would have.

Mr. Hall: On this annual update, is it a matter of them making a submission and you making a decision, or what?

Hon. Mr. Snow: Basically, the municipal engineers are in constant contact with our municipal engineer from the district and they work together on a day-to-day basis, so our engineers in the region and district staff know pretty well what every municipality is doing and what it is planning. Each year, about mid-January we send a letter to every municipality, the 850 or whatever it is in the province of Ontario, advising them of what their grants will be for that year so that they can plan their road programmes. That's the normal programme.

In some instances we will hear back from a municipality which may have a special need, a bridge, or some major construction project which has to be considered as a supplementary item over and above the normal. Sometimes, if they want to build 10 miles of road, they can do that on a two-miles-a-year basis over five years or something if it's a large project. On the other hand, if it's a \$5-million bridge, you can't build that at the rate of 50 feet a year, you have to build the bridge at one time. So they have to come back to us for special funding for those types of projects, depending upon the size of the municipality.

Mr. Hall: Special emergency situations arise. Such an emergency did arise last winter in the Niagara Peninsula in snow removal and extra cost of hiring outside equipment. The type of snow and drifts and picking up sand off the fields, turned things almost into concrete, as some of you gentlemen probably are aware. Heavy construction machinery had to be engaged. It wasn't the type of snow the local road equipment could handle.

Hon. Mr. Snow: We did approve special funding for that last year.

Mr. Hall: You approved certain special funding and this is the area I want to discuss. One municipality faced an extra out-of-pocket contracting cost for private machinery from

the city of Hamilton of somewhere around \$75,000 to \$80,000. You saw fit to provide them with \$35,000, although they had the impression after Premier Davis and some others came down to a meeting in St. Catharines immediately after the storm that they would get, shall I say considerable more assistance than that and that extra money would be provided; subsequently they found out differently.

Hon. Mr. Snow: Extra money was provided at the normal subsidy rate.

Mr. Hall: When you say the normal subsidy rate what is your interpretation, for my edification, of the normal subsidy rate when there is an emergency?

Hon. Mr. Snow: It varies.

Mr. Hall: How can something be normal that varies?

Hon. Mr. Snow: For God's sake, every municipality has a subsidy rate but every municipality is not the same. They range from 50 per cent; I would imagine most of the municipalities in your area would be 50 per cent. Some, rural townships and so on, go as high as 80 per cent.

Mr. Hall: The understanding I had was that it was a matter of comparing it with previous years' experience. It is a question of what you choose as previous years' experience in terms of what their extra cost would be. I'm given to understand the experience comparison used was other bad storms and how much worse this one was than that, as opposed to over average. That makes a difference in the criteria and the funding that applies.

Hon. Mr. Snow: Their expenditures over the last five years were taken into consideration. Also taken into consideration was the fact that the municipalities all got about 12 per cent more for maintenance this year than they did last year.

Mr. Hall: I assume that would have been eaten up by other ongoing normal problems aside from this particular problem.

Hon. Mr. Snow: Not necessarily.

Mr. Hall: I just have to share with you the fact that the final settlement was not satisfactory in the minds of the people in the community of West Lincoln.

Changing the subject but still on municipal roads, does the ministry have a standard mode of construction and installation of underground services, where it sets one aspect as a minimum, and with different standards another as a maximum for the guidance of municipalities?

Hon. Mr. Snow: What type of underground services are you referring to?

Mr. Hall: Sewers and watermains.

Hon. Mr. Snow: We have nothing to do with that.

Mr. Hall: You don't get into that at all?

Hon. Mr. Snow: We subsidize storm sewers.

Mr. Hall: I didn't say subsidize. I was talking about standardization of engineering requirements.

Hon. Mr. Snow: No, the Ministry of the Environment is the approving authority for sanitary sewers and watermains.

Mr. Hall: I mean for bedding them as they go under roads on which you are going to pay grants in the future. This is the thought I have in mind.

Hon. Mr. Snow: There certainly are accepted industry practices.

Mr. Hall: There is great variance between municipalities. It seems to me specifications are different from one municipality to another.

Mr. Gilbert: This is in sanitary sewers and watermains?

Mr. Hall: Yes; the type of pipe, the type of bedding of the pipe and so on. They vary a lot from municipality to municipality, as I understand it.

Hon. Mr. Snow: Some municipalities tend to use clay pipe, others will use asbestos pipe and many are using plastic pipe now. First of all, those materials would have to be approved by the Ministry of the Environment. There's no specification that says that every municipality must use clay pipe or everyone must use asbestos pipe. There are different materials and different manufacturers who meet an accepted standard.

[3:30]

Mr. Hall: Your ministry does not lay down requirements?

Hon. Mr. Snow: Not for those services.

Mr. Gilbert: We have had discussions with the Ministry of the Environment, in particular where these go under roads that involve us. But as far as setting standards for sanitary sewers and what have you, it would be the Ministry of the Environment and the municipality.

Mr. Hall: I'd just like to point out my concern, in that I think your ministry has the capability, obviously, to decide what is satisfactory for your needs. You're concerned with the top of the road and the maintenance and construction costs of it. There is variation, because on privately developed roads, for example, there is a possible tendency for the

municipality to ask for the very top specifications to avoid future costs coming back at them.

Hon. Mr. Snow: Many municipalities have changed or upgraded their specifications over a period of years. I recall when I was in the construction business and laying water and sewer lines for municipalities, I realized different municipalities have different standards. Different consulting engineering firms hired by those municipalities tend to have slightly different preferences or specifications.

Mr. Hall: The end result is that the servicing costs for housing in different communities vary tremendously. I wonder if you would be rendering more of a service in terms of seeing that waste doesn't occur by excess specification if, with your abilities, standardization was adopted in this area.

Hon. Mr. Snow: It wouldn't be our responsibility; nor would it be, I think, appropriate for us to tell municipalities what their specifications—

Mr. Hall: You've told municipalities other things in the past.

It seems to me in the mid-sixties you decided there would be no subsidies on municipal roads that didn't have storm water sewage handling, for example. That's an instance where you dictated to them.

Hon. Mr. Snow: I don't know what you mean by that. I mean there are thousands of—

Mr. Hall: I'm not referring to new roads after some date in the sixties; does that ring a bell, Mr. Gilbert?

Mr. Gilbert: We have certain standards for certain types of roads as far as municipal subsidies—

Hon. Mr. Snow: There are thousands of miles of rural roads with ditches, and county roads with rural cross-sections that don't have storm sewers.

Mr. Hall: I'm well aware of that, Mr. Minister, but I'm talking about your standards for certain traffic flows on urban and suburban roads, based on a daily vehicle count there is a requirement of storm water handling.

Mr. Gilbert: Are these in new subdivisions?

Mr. Hall: Yes.

Mr. Gilbert: Certainly we have—

Mr. Hall: This effects the cost of housing, as you can appreciate.

Mr. Gilbert: I realize that. We have had certain standards, as you say, for a number of years as a requirement for us to pay subsidy to the municipalities. One thing I think you have to keep in mind is that a lot

of these new subdivisions and what have you are built prior to the municipality taking them over and maintaining them and applying for subsidy.

Mr. Hall: Yes, but they're done by a subdivision agreement with the municipality, and no one would get that approval unless he built to the requirements that have arisen as a result of your insistence, and partly their insistence as to what the needs are. I'm interested in uniformity between municipalities to make certain that the money is not wasted at that end either.

Hon. Mr. Snow: But we don't, of course, pay any subsidy on the construction of new roads in new subdivisions.

Mr. Hall: I'm aware of that too.

Hon. Mr. Snow: When those roads are built to the standards of the municipality and accepted by the municipality as municipal streets, then they qualify for a subsidy for maintenance—snow ploughing and maintenance in the future.

Mr. Hall: I don't know whether I've gotten my point across to you, that I think there would be merit in a standardization; and I don't know what ministry is better able to do it than the ministry which later pays subsidies. The Ministry of the Environment doesn't pay subsidies but your ministry does.

Hon. Mr. Snow: I get very concerned when I see municipalities using our subsidy dollars to build roads. I wouldn't say they're wasting them by any means, but they are perhaps building a two-lane road where a four-lane road is necessary. We'll certainly point out to them where we can that the standards should be higher. They don't always follow that advice.

I am advised there is now a committee made up of members of the Municipal Engineers Association, the Ministry of the Environment and MTC that is working on developing uniform standards for services; but I know the problem that will arise when those uniform standards are developed, there will be some municipalities saying, "We want a higher standard than that."

Mr. Hall: I'm pleased to hear that committee has been formed. The Ministry of Housing prepared and distributed standards to the municipalities over a year ago. My concern is to have one ministry mesh with another in addressing this matter of soaring costs. We could discuss it in many ways, but I'm only interested in discussing it as it affects the municipal roads program in your ministry right now. There is a strong cor-

relation to which possibly this committee will have an opportunity to address itself.

That was the main point I wanted to make on this vote.

Ms. Bryden: I wanted to discuss, briefly, the decision by Metropolitan Toronto to acquire some property east of Victoria Park for what is known as the Scarborough transportation corridor, and to spend \$21 million—that's in 1976 dollars—on the acquisition of property for that corridor, of which the ministry would pay one half. It would be a major transportation development.

I'd like to point out that this is only part of the potential cost to the ministry, because the estimates are that the property needed to complete the corridor, including the property west of Victoria Park, would bring the total to \$74 million; and that's in 1976 dollars. Allowing for inflation, you could say that the potential cost to the ministry is in the neighbourhood of \$50 million.

The ministry should be looking at this proposal for three main reasons. One is the question that the expenditure of this kind of money is justified in this time of restraint at both the local and the provincial level. Shouldn't we be trying to put the money into more productive activities that might create jobs rather than just acquiring property which will not be used immediately anyway?

The second consideration is that some of the properties that may be acquired east of Victoria Park include several large industrial activities such as Supreme Aluminum, Mitchell Paints, Eli Lilly and Rapid Refrigeration. There are a considerable number of people employed on these properties and if the properties were acquired what would happen to their jobs in this time of job scarcity?

There are also about 70 houses east of Victoria Park which are included in this request for money to acquire property; and again the housing situation in Metropolitan Toronto is such that we should be looking at that.

The third consideration is the whole question of transportation policy in urban centres. The ministry has gone on record as favouring a shift to more stress on public transit and less on expressways. The Scarborough transportation corridor could, in some people's minds, be considered an expressway by another name. It has never been clarified exactly what will go into the Scarborough transportation corridor, whether it will be an expressway or whether it will accommodate light rail transit. That is another

reason for delaying any sort of property acquisitions; we should settle exactly what kind of transportation would be going into it.

In the past the ministry has tried to stress the need for public transit in the cities, partly to save on fuel, and to reduce pollution and congestion and so on. It is perfectly possible to increase existing public transit by adding light rail transit to the CNR right of way and using that. It would not be necessary to acquire additional property if that were the main additional transportation added in this particular area.

There certainly is a very strong feeling in eastern Toronto and Scarborough that there is need for improvements in the transportation system. These needed improvements are probably not necessarily related to this Scarborough transportation corridor. Again, the one thing that could be added without acquiring any additional property would be a light rail transit facility.

For those various reasons, I'm wondering if the ministry is considering making an intervention before the Ontario Municipal Board, which is now hearing Metro Toronto's application for the expenditure of \$21 million; it's not of the whole \$74 million at the moment. I understand the application is coming up in January. The ministry does have a very direct interest in this project, because it could lead to an ultimate expenditure of about \$50 million and because of its implications on policy in urban centres.

Could the minister give us some comments on that?

Hon. Mr. Snow: We don't have any notion of intervening before the OMB on the Metropolitan Toronto application.

Ms. Bryden: Do you not think that it may be at variance with general provincial policy for urban transit and the overall thrust of trying to use less road transit and more public transit?

Hon. Mr. Snow: It's up to Metro to plan their transit facilities. We work with them. We certainly have been funding the development and expansion of urban transit in Metropolitan Toronto and in all the municipalities in accordance with our formula.

As far as we're concerned, we've been able to make provincial funding available to meet programs that have been established by the municipalities, in this case Metropolitan Toronto. They have established their transit development program and worked closely with officials of the transit branch of our ministry. We supply the funding for our

share, which is normally the 75 per cent funding for capital expenditures.

Ms. Bryden: Is it not true that the Treasurer (Mr. McKeough) is suggesting that all applications to the OMB should be vetted on the criterion of whether the expenditures should be made at this time or whether they could either be postponed or deferred?

Hon. Mr. Snow: I think you ought to ask Mr. McKeough that.

Ms. Bryden: He hasn't passed out any comments to the other ministries, though, that perhaps you consider also applying the some sort of criterion to requests for sharing? [3:45]

Hon. Mr. Snow: If Metro Toronto, for example, decided to add to the extensions of the Bloor-Danforth subway at each end and bring light rail transit into Scarborough City Centre, that would be their decision. We have built the funding requirement into our budgets to meet our share of the projects that Metro wished to proceed with.

Ms. Bryden: I think Mr. Warner also wanted to get in on this question.

Mr. Warner: Recognizing the time and knowing that brevity can breed bluntness, I hope the minister will just take these questions at face value.

Would the government be concerned about an expenditure of money if they were assured the project would not turn into an expressway? Since you have actively encouraged rapid transit and you have put forward money for LRT, would you not be concerned that you might be giving money to develop an expressway that people neither want nor need, particularly since we've expanded LRT?

Hon. Mr. Snow: We've had no requests from Metro Toronto for any additional funding.

Mr. Warner: But you will fund 50 per cent of the purchase of the land?

Hon. Mr. Snow: We will fund 50 per cent of Metro's transportation program up to their allocation, which at present is approximately \$10 million per year.

Mr. Warner: This includes approximately \$21 million to purchase that corridor. In other words, it's of no concern to you what they use this so-called corridor for.

Hon. Mr. Snow: We leave the transportation planning and the setting of the priorities vis-à-vis which roads are to be built or upgraded to the municipality.

Mr. Warner: That's fascinating. If I understand correctly from the sketch plans that are

available, within the existing CNR right of way there is sufficient width to allow for the addition of a light rail transit line without any additional land purchases.

Hon. Mr. Snow: That may or may not be right; the CNR don't give up their rights of way easily.

Mr. Warner: I realize that.

Hon. Mr. Snow: I know of plans the CNR have for increasing trackage. I don't know whether this is the line you're talking about, the line GO Transit uses?

Mr. Warner: No, it's not. I would need the map. It is in the general area of that, yes; it's the track to the north. There's a track to the south that carries the GO line. If I'm not mistaken, there's one to the north of it which is strictly freight; that's the area of the corridor.

Hon. Mr. Snow: There are long-range plans by the railroads to add additional tracks to many of their lines.

Mr. Warner: If I were the government, I would want to satisfy myself that there is land available for the development of light rail transit in the area within the existing corridor; that I could negotiate that with the federal government and that whatever money the provincial government was expending would not be spent in a foolish way. I would submit that foolish spending would be building an expressway which people don't want and which is not needed, partly because of the previous activities of your government in assisting the development of light rail transit and the expansion of the subway to meet the transportation needs.

Hon. Mr. Snow: We're funding the improvement of transit very heavily, but we don't say that because you're improving transit you will not need roads.

Mr. Warner: In other words, should Metro Toronto decide to use that corridor for development of an expressway, that's just fine in your view.

I would submit that the money which you will have to spend by agreement would be foolishly spent money and that there are far more constructive ways to spend it. The issue obviously isn't going to die. I was hoping that the government would say, "We are going to make a presentation at the OMB hearing"—which I think is January 18—"and we are concerned about this amount of money being spent. We would be glad to spend it provided that the corridor would be used exclusively for public transit and that it would not be used for an expressway, and on that basis we would be glad to spend the money." I would applaud that and I would support

that wholeheartedly, but I gather that you have no intention to make any presentation whatsoever?

Hon. Mr. Snow: We are not planning on it, no.

Mr. Gilbert: Just on a point of clarification, in some of my discussions I find that Metro Toronto requires some of that property to complete some arterial road connections and what have you. I think really the questions that you are addressing to us here can more properly be answered by the Metro Toronto officials, because certainly they have pointed out a number of places where they are having to make some arterial road connections to service areas that originally they thought were going to be serviced by the expressway, but seeing that is not going ahead they were going to have to make some arterial road connections. I think the question that you are asking us as to just what they are doing with the land they are buying would be better answered by Metro Toronto.

Mr. Warner: I fully appreciate that, but please note that the city of Toronto has objected to what Metro Toronto is doing and has backed that up by reports from the city of Toronto planning department showing that the expressway isn't needed. One report was completed on November 28, if memory serves me correct, from the Toronto planning department.

In the interest of time I will pass on to others. I simply mention that the issue isn't going to die. It isn't going to go away. It will be back here. Should, in the long run, Metro end up building an expressway through there I submit that the government will have spent its money foolishly. I'll tell you one thing: we could have used that extra money in the development of light rail transit and other good facilities in Scarborough and it would serve a far better useful purpose. I appreciate the money, by the way, for the LRT. That's a big step forward.

Mr. Gilbert: I think they are also selling lands too.

Hon. Mr. Snow: I understand they are disposing of a number of properties that they had bought for the expressway.

Ms. Bryden: Yes, but is that relevant? I mean, they can dispose of assets at any time in order to increase their cash flow but that doesn't make the \$21 million any less an expenditure.

Mr. Warner: I'll pass it on. We only have seven minutes left.

Ms. Bryden: Is that all? I didn't realize it was that short.

Mr. Chairman: Yes, we have two more votes.

Ms. Bryden: I don't know whether I should ask my question. It's just one very short one. If the OMB approves this, there is an appeal to the cabinet. I hope, Mr. Snow, that the cabinet will take into consideration some of these other points that I have mentioned, about dislocating jobs, dislocating homes, overall transit policy, when it makes its decision and perhaps be willing to hear some submissions on it?

Hon. Mr. Snow: Of course, if the OMB makes a decision, regardless of which way the decision is made, then either side can appeal it to cabinet. If that happens, we will have to deal with it.

Mr. Ruston: Mr. Chairman, maybe I have mentioned this on one or two occasions in the past, but we are concerned about it. I don't know if it is something that your officials have been involved in as of yet, but as you know the E. C. Row Expressway is a major project in the city, and the problem we are facing in the not too distant future in the easterly end of the city of Windsor is an access road to Highway 401. We have been using Jefferson Boulevard to some extent. With plans coming to expand the airport, Lauzon Parkway is the next one east of that which would be the most logical one to run from Riverside Drive or Wyandotte Street into Tecumseh Road and out to join Highway 401. If it comes straight out from there, it would mean making one of the overpasses—I think it is a county road now in Sandwich South township—into an access to Highway 401.

I know we are talking a few years into the future, but it's something your ministry will have to consider for an easterly access for the city of Windsor to 401. The next one you get out to is what we call Manning Road, on county road 19. That means you have to go around one of the county roads and do a lot of turning and one thing and another. It would seem to me that Lauzon Parkway would be the most direct route right out to 401. It would involve—and I don't know how often this has been done—what is now just a flyover being made into an access to 401.

Hon. Mr. Snow: I am not familiar with the streets you mention. I don't know if anyone else here is.

Mr. Ruston: They haven't really got into that very much yet.

Hon. Mr. Snow: We have had some discussions with the city of Windsor and with the federal government relating to the proposed airport plans and how better access

to the airport could be built into the system, but to my knowledge no decision has been made.

As you know, E. C. Row Expressway is an ongoing program. We have a major tender call out right now. It was supposed to close last week or this week, but it was extended and now closes early in January. It seems to me it's about a \$5-million contract.

This was intended to go much earlier this year, but because of the turndown by Transport Canada of the funding under part 3 of the Act for the grade separations we had to go back and consult with the city of Windsor as to whether it would agree to a plan under part 2 of the Act which gives much less funding from the federal level. Windsor agreed to this but we weren't very happy with it. I don't think Windsor was either because the federal contribution will be, I believe, about \$1.2 million less.

This means it will cost the city of Windsor \$300,000 and the province \$900,000, as we are 75-25 partners on that road. The city agreed to go ahead and we agreed. The application for the funding has been made under part 2 and the contract has been called. We have an ongoing program with the city to continue E. C. Row Expressway on a gradual basis, about one contract a year.

Mr. Ruston: I think the Lauzon Parkway concept is kind of in abeyance. It has been mentioned a number of times as being the possible outlet towards 401.

Hon. Mr. Snow: We are not entering into any new urban expressway agreements with municipalities on the 75-25 basis.

Mr. Ruston: I see.

Hon. Mr. Snow: I presume this Lauzon Parkway would be a municipal road and would be funded under the normal subsidy arrangement.

Mr. Ruston: The alternative is to have a north-south provincial highway in Essex county. We are a short county. We have 77 going into Leamington and maybe we should have a north-south highway; that would solve some of the problems. However, we'll look at that later.

Hon. Mr. Snow: We haven't any plans at the moment to build any new provincial highways down there. We are having trouble enough building the ones we have.

Vote 2507 agreed to.

On vote 2508, municipal transit program:

Mr. Warner: Could I have one 20-second comment?

Mr. Chairman: Yes, you may.

Mr. Warner: The development of LRT is

not only important but I hope it serves as a focus for greater development and that it goes up to the Malvern area. Perhaps the Finch line is an area to explore as well—east-west Finch—and Eglinton as well. I hope it could hook in with the GO system in a couple of spots, particularly the Eglinton line out by Guildwood.

I urge the government to continue on that program vigorously, because we need it desperately in Scarborough.

Vote 2508 agreed to.

On vote 2509, communications program:

[4:00]

Hon. Mr. Snow: We are on the communications vote and this is where the Ontario Telephone Services Commission comes in. As you know, Mr. David Duncan, chairman of the Telephone Services Commission for a number of years, will be retiring in mid-1978; Mrs. Vi Bielski, QC, has been appointed as a member of the Telephone Services Commission starting the first of January. Mrs. Bielski, a member of the communications area of the ministry, will be moving to take over as chairman of the commission on the first day of August 1978.

Mr. Ruston: That's the commission that would look after cable TV if we ever take it over?

Hon. Mr. Snow: That is right.

Ms. Bryden: It is very nice to see a woman appointed chairman of the commission.

Hon. Mr. Snow: Mrs. Bielski is one of our key employees in the communications area of the ministry. She is not with us today, but I am very happy to announce that appointment because I am sure she will do a tremendous job in that position.

Mr. Ruston: How many systems do you have left that are privately run?

Hon. Mr. Snow: About 40; well I guess there will be less than that now, correction, 38, because there has been the Tel-Ontario acquisition.

Mr. Ruston: Have they been approved now and taken over by Bell. We have one in our area.

Hon. Mr. Snow: They are totally owned by Bell.

Mr. Ruston: Totally owned, yes.

Hon. Mr. Snow: Bell applied through the normal channels to the Telephone Services Commission. There was an intervention. A hearing was held but the order has been issued approving Bell to hold the Tel-Ontario operation in their operation, which I think

will be more efficient. At least that was the theory in Bell wanting to do it.

However, there are still 38 private telephone systems in the province; most of them doing an excellent job, but one in particular doing a damn poor job.

Mr. Ruston: Still got the old cranks on the wall?

Hon. Mr. Snow: We won't get into that one, that one has wires laying through the trees.

Mr. Chairman: Shall vote 2509 carry?

Mr. Warner: Can I assume that at some point in time this government will contemplate what your Conservative confrères in Manitoba actually did in 1906, and that is nationalize the telephone system within the province of Ontario?

Hon. Mr. Snow: We do not have that as a priority.

Mr. Warner: I see. I just wondered, because your Conservative buddies did that in 1906 in the province of Manitoba, a very forward step, Socializing, a step at a time.

Ms. Bryden: What's different from Hydro?

Hon. Mr. Snow: Three western provinces do have provincially-owned telephone systems, we don't.

Vote 2509 agreed to.

Mr. Chairman: This completes consideration of the MTC estimates and also all of the estimates referred to this committee.

This is the final effort of our committee for this session and I just want to say that I certainly appreciated the co-operation of all members throughout. Thank you very much.

Mr. Warner: Mr. Chairman, on a point of order, I think it would be remiss if we were to rise without acknowledging the efforts and the attendance of the civil servants who have come and as usual presented the information accurately, quickly, efficiently and effectively. I for one appreciate the support which they give to all of us and how they prop up the minister.

Hon. Mr. Snow: I wanted to say the same thing, Mr. Chairman. I wanted to compliment and thank my excellent staff in MTC, not only for their efforts here at estimates, which we enjoy going through every year, but throughout the year as well. We have a very large ministry. We are involved, as you know from the different votes, in a broad range of programs. I think we have a staff that is recognized and looked up to right across Canada.

Mr. Chairman: I want to add my support to what Mr. Warner and Mr. Snow has said.

Hon. Mr. Snow: The minister is underpaid, that's the only problem.

Mr. Chairman: Well we can set up a special committee to review that. Once again thank you very much. The committee is adjourned.

The committee adjourned at 4:05 p.m.

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SPEAKERS IN THIS ISSUE

Bradley, J. (St. Catharines L)
 Bryden, M. (Beaches-Woodbine NDP)
 Campbell, M. (St. George L)
 Gaunt, M.; Chairman (Huron-Bruce L)
 Hall, R. (Lincoln L)
 Kennedy, R. D. (Mississauga South PC)
 McGuigan, J. (Kent-Elgin L)
 Ruston, R. F. (Essex North L)
 Snow, Hon. J. W.; Minister of Transportation and Communications (Oakville PC)
 Warner, D. (Scarborough-Ellesmere NDP)
 Young, F. (Yorkview NDP)
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Ministry of Transportation and Communications officials taking part:

Adcock, H. W., Assistant Deputy Minister, Operations
 Gilbert, H. F., Deputy Minister
 Johnston, G., Executive Director, Planning
 Smith, T. G., Director, Municipal-Provincial Transportation Branch
 Wilkes, J. B., Executive Director, Highway Engineering Division

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